

FOREIGN POLICY REFORM ACT

MAY 9, 1997.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GILMAN, from the Committee on International Relations,
submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 1486]

The Committee on International Relations, to whom was referred the bill (H.R. 1486) to consolidate international affairs agencies, to reform foreign assistance programs, to authorize appropriations for foreign assistance programs and for the Department of State and related agencies for fiscal years 1998 and 1999, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Foreign Policy Reform Act”.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) DIVISIONS.—This Act is organized into three divisions as follows:

- (1) Division A—International Affairs Agency Consolidation, Foreign Assistance Reform, and Foreign Assistance Authorizations.
- (2) Division B—Foreign Relations Authorizations.
- (3) Division C—Funding Levels.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Organization of Act into divisions; table of contents.

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TITLE I—GENERAL PROVISIONS

Sec. 101. Short title.

Sec. 102. Declaration of policy.

TITLE II—CONSOLIDATION OF CERTAIN INTERNATIONAL AFFAIRS AGENCIES

CHAPTER 1—GENERAL PROVISIONS

- Sec. 201. Short title
 Sec. 202. Definitions.

CHAPTER 2—UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

SUBCHAPTER A—ABOLITION OF UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AND TRANSFER OF FUNCTIONS TO UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

- Sec. 211. Abolition of United States International Development Cooperation Agency.
 Sec. 212. Transfer of functions to United States Agency for International Development.
 Sec. 213. Transition provisions.

SUBCHAPTER B—CONTINUATION OF UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT AND PLACEMENT OF ADMINISTRATOR OF AGENCY UNDER THE DIRECTION OF THE SECRETARY OF STATE

- Sec. 221. Continuation of United States Agency for International Development and placement of Administrator of Agency under the direction of the Secretary of State.

SUBCHAPTER C—CONFORMING AMENDMENTS

- Sec. 231. Conforming amendments.
 Sec. 232. Other references.
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- Sec. 301. Graduation from development assistance.
 Sec. 302. Limitation on government-to-government assistance.
 Sec. 303. Micro- and small enterprise development credits.
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- Sec. 421. Authorization of appropriations.
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 Sec. 425. Loans for Greece and Turkey.
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 Sec. 427. Administrative expenses.

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 Sec. 444. Repair and refurbishment of vessels in United States shipyards.

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DIVISION A—INTERNATIONAL AFFAIRS AGENCY CONSOLIDATION, FOREIGN ASSISTANCE REFORM, AND FOREIGN ASSISTANCE AUTHORIZATIONS

TITLE I—GENERAL PROVISIONS

SEC. 101. SHORT TITLE.

This division may be cited as the “Foreign Assistance Reform Act of 1997”.

SEC. 102. DECLARATION OF POLICY.

The Congress declares the following:

- (1) United States leadership overseas must be maintained to support America's vital national security, economic, and humanitarian overseas interests.
- (2) As part of this leadership, United States foreign assistance programs are essential to support America's overseas interests.
- (3) Following the end of the Cold War, foreign assistance programs must be reformed to take advantage of the opportunities for the United States in the 21st century.

TITLE II—CONSOLIDATION OF CERTAIN INTERNATIONAL AFFAIRS AGENCIES

CHAPTER 1—GENERAL PROVISIONS

SEC. 201. SHORT TITLE

This title may be cited as the “International Affairs Agency Consolidation Act of 1997”.

SEC. 202. DEFINITIONS.

The following terms have the following meanings for the purposes of this title:

- (1) The term “USAID” means the United States Agency for International Development.
- (2) The term “Federal agency” has the meaning given to the term “agency” by section 551(1) of title 5, United States Code.
- (3) The term “function” means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

**CHAPTER 2—UNITED STATES INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY**

**Subchapter A—Abolition of United States International Development Co-
operation Agency and Transfer of Functions to United States Agency for
International Development**

**SEC. 211. ABOLITION OF UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION
AGENCY.**

(a) **IN GENERAL.**—The United States International Development Cooperation Agency is hereby abolished.

(b) **CONFORMING AMENDMENTS.**—The following shall cease to be effective:

(1) Reorganization Plan Numbered 2 of 1979 (5 U.S.C. App.).

(2) Sections 1–101 through 1–103, sections 1–401 through 1–403, and such other provisions that relate to the United States International Development Cooperation Agency or the Director of such Agency, of Executive Order 12163 (22 U.S.C. 2381 note; relating to administration of foreign assistance and related functions).

(3) The International Development Cooperation Agency Delegation of Authority Numbered 1 (44 Fed. Reg. 57521), except for section 1–6 of such Delegation of Authority.

(4) Section 3 of Executive Order 12884 (58 Fed. Reg. 64099; relating to the delegation of functions under the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992, the Foreign Assistance Act of 1961, the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1993, and section 301 of title 3, United States Code).

(c) **EFFECTIVE DATE.**—This section shall take effect 6 months after the date of the enactment of this Act.

**SEC. 212. TRANSFER OF FUNCTIONS TO UNITED STATES AGENCY FOR INTERNATIONAL DE-
VELOPMENT.**

(a) **IN GENERAL.**—There are transferred to the Administrator of the United States Agency for International Development all functions of the Director of United States International Development Cooperation Agency and all functions of such Agency and any officer or component of such agency under any statute, reorganization plan, Executive order, or other provision of law before the effective date of this title.

(b) **EFFECTIVE DATE.**—This section shall take effect 6 months after the date of the enactment of this Act.

SEC. 213. TRANSITION PROVISIONS.

(a) **TRANSFER OF PERSONNEL, PROPERTY, RECORDS, AND UNEXPENDED BAL-
ANCES.**—

(1) **PERSONNEL, PROPERTY, AND RECORDS.**—So much of the personnel, property, and records of the United States International Development Cooperation Agency as the Director of the Office of Management and Budget shall determine shall be transferred to the United States Agency for International Development at such time or times as the Director of the Office of Management and Budget shall provide.

(2) **UNEXPENDED BALANCES.**—To the extent provided in advance in appropriations Acts, so much of the unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available to the United States International Development Cooperation Agency as the Director of the Office of Management and Budget shall determine shall be transferred to the United States Agency for International Development at such time or times as the Director of Office of Management and Budget shall provide, except that no such unexpended balances transferred shall be used for purposes other than those for which the appropriation was originally made.

(b) **TERMINATING AGENCY AFFAIRS.**—The Director of the Office of Management and Budget shall provide for terminating the affairs of the United States International Development Cooperation Agency and for such further measures and dispositions as such Director deems necessary to accomplish the purposes of this subchapter.

Subchapter B—Continuation of United States Agency for International Development and Placement of Administrator of Agency under the Direction of the Secretary of State

SEC. 221. CONTINUATION OF UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT AND PLACEMENT OF ADMINISTRATOR OF AGENCY UNDER THE DIRECTION OF THE SECRETARY OF STATE.

(a) CONTINUATION OF USAID AS FEDERAL AGENCY.—The United States Agency for International Development, established in the Department of State pursuant to the State Department Delegation of Authority Numbered 104 (26 Fed. Reg. 10608) and subsequently transferred to the United States International Development Cooperation Agency pursuant to the International Development Cooperation Agency Delegation of Authority Numbered 1 (44 Fed. Reg. 57521), shall be continued in existence as a Federal agency of the United States.

(b) PLACEMENT OF ADMINISTRATOR OF USAID UNDER DIRECTION OF SECRETARY OF STATE.—

(1) IN GENERAL.—The Administrator of the United States Agency for International Development, appointed pursuant to section 624(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2384(a))—

(A) shall continue to head such Agency; and

(B) shall be under the direction of the Secretary of State.

(2) OTHER REQUIREMENTS.—Except to the extent inconsistent with other provisions of this Act, the Administrator—

(A) shall continue to exercise all functions that the Administrator exercised before the effective date of this Act; and

(B) shall exercise all functions transferred to the Administrator pursuant to section 212.

(c) OTHER OFFICERS OF AID.—The other officers of the United States Agency for International Development, appointed pursuant to section 624(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2384(a)), shall continue to exercise such functions as the Administrator deems appropriate.

Subchapter C—Conforming Amendments

SEC. 231. CONFORMING AMENDMENTS.

(a) TITLE 5, UNITED STATES CODE.—Section 7103(a)(2)(iv) of title 5, United States Code, is amended by striking “the United States International Development Cooperation Agency” and inserting “the United States Agency for International Development”.

(b) INSPECTOR GENERAL ACT OF 1978.—Section 8A of the Inspector General Act of 1978 (5 U.S.C. App. 8A) is amended—

(1) in subsection (a)—

(A) by striking paragraph (2);

(B) by striking “Agency for International Development—” and all that follows through “shall supervise” and inserting “Agency for International Development shall supervise”; and

(C) by striking “; and” at the end and inserting a period;

(2) by striking subsection (c); and

(3) by striking subsection (f).

(c) INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1980.—Section 316 of the International Security and Development Cooperation Act of 1980 (22 U.S.C. 2151 note) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”; and

(B) in the second sentence, by striking “Director” and inserting “Administrator”; and

(2) in subsection (b), by striking “Director” and inserting “Administrator”.

(d) STATE DEPARTMENT BASIC AUTHORITIES ACT OF 1956.—(1) Section 25(f) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2697(f)) is amended by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

(2) Section 26(b) of such Act (22 U.S.C. 2698(b)) is amended by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

(3) Section 32 of such Act (22 U.S.C. 2704) is amended in the second sentence by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

(e) FOREIGN SERVICE ACT OF 1980.—(1) Section 202(a)(1) of the Foreign Service Act of 1980 (22 U.S.C. 3922(a)(1)) is amended by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

(2) Section 210 of such Act (22 U.S.C. 3930) is amended in the second sentence by striking “United States International Development Cooperation Agency” and inserting “United States Agency for International Development”.

(3) Section 1003(a) of such Act (22 U.S.C. 4103(a)) is amended by striking “United States International Development Cooperation Agency” and inserting “United States Agency for International Development”.

(4) Section 1101(c) of such Act (22 U.S.C. 4131(c)) is amended by striking “United States International Development Cooperation Agency” and inserting “United States Agency for International Development”.

(f) INTERNAL REVENUE CODE OF 1986.—(1) Section 170(m)(7) of the Internal Revenue Code of 1986, is amended by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

(2) Section 2055(g)(6) of the Internal Revenue Code of 1986, is amended by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

(g) TITLE 49, UNITED STATES CODE.—Section 40118(d) of title 49, United States Code, is amended by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

(h) EXPORT ADMINISTRATION ACT OF 1979.—Section 6(g) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(g)) is amended—

(1) in the third sentence, by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”;

(2) in the fourth sentence, by striking “Director” and inserting “Administrator”; and

(3) in the sixth sentence, by striking “Director of the United States International Development Cooperation Agency” and inserting “Administrator of the United States Agency for International Development”.

SEC. 232. OTHER REFERENCES.

Any reference in any statute, reorganization plan, Executive order, regulation, agreement, determination, or other official document or proceeding to—

(1) the Director of the United States International Development Cooperation Agency or any other officer or employee of the United States International Development Cooperation Agency shall be deemed to refer to the Administrator of the United States Agency for International Development; and

(2) the United States International Development Cooperation Agency shall be deemed to refer to the United States Agency for International Development.

SEC. 233. EFFECTIVE DATE.

This subchapter shall take effect 6 months after the date of the enactment of this Act.

TITLE III—FOREIGN ASSISTANCE REFORM

SEC. 301. GRADUATION FROM DEVELOPMENT ASSISTANCE.

Section 634 of the Foreign Assistance Act of 1961 (22 U.S.C. 2394) is amended to read as follows:

“SEC. 634. CONGRESSIONAL PRESENTATION DOCUMENTS.

“(a) REQUIREMENT FOR SUBMISSION.—As part of the annual requests for enactment of authorizations and appropriations for foreign assistance programs for each fiscal year, the President shall prepare and transmit to the Congress annual congressional presentation documents for the programs authorized under this Act and the Arms Export Control Act (22 U.S.C. 2751 et seq.).

“(b) MATERIALS TO BE INCLUDED.—The documents submitted pursuant to subsection (a) shall include—

“(1) the rationale and direct United States national interest for the allocation of assistance or contributions to each country, regional, or centrally-funded program, or organization, as the case may be;

“(2) a description of how each such program or contribution supports the objectives of this Act or the Arms Export Control Act, as the case may be;

“(3) a description of planned country, regional, or centrally-funded programs or contributions to international organizations and programs for the coming fiscal year; and

“(4) for each country for which assistance is requested under this Act or the Arms Export Control Act—

“(A) the total number of years since 1946 that the United States has provided assistance;

“(B) the total amount of bilateral assistance provided by the United States since 1946, including the principal amount of all loans, credits, and guarantees; and

“(C) the total amount of assistance provided to such country from all multilateral organizations to which the United States is a member, including all international financial institutions, the United Nations, and other international organizations.

“(c) GRADUATION FROM DEVELOPMENT ASSISTANCE.—

“(1) DETERMINATION.—As part of the congressional presentation documents transmitted to the Congress under this section, the President shall make a separate determination for each country identified in such documents for which bilateral development assistance is requested, estimating the year in which each such country will no longer be receiving bilateral development assistance.

“(2) DEVELOPMENT ASSISTANCE DEFINED.—For purposes of this section, the term ‘development assistance’ means assistance under—

“(A) chapter 1 of part I of this Act;

“(B) chapter 10 of part I of this Act;

“(C) chapter 11 of part I of this Act; and

“(D) the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.).”

SEC. 302. LIMITATION ON GOVERNMENT-TO-GOVERNMENT ASSISTANCE.

(a) IN GENERAL.—For each of the fiscal years 1998 and 1999, the President should allocate an aggregate level to private and voluntary organizations and cooperatives under the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) which reflects an increasing level allocated to such organizations and cooperatives under such Act since fiscal year 1995.

(b) DEFINITION.—For purposes of this section, the term “private and voluntary organization” means a private non-governmental organization which—

(1) is organized under the laws of a country;

(2) receives funds from private sources;

(3) operates on a not-for-profit basis with appropriate tax-exempt status if the laws of the country grant such status to not-for-profit organizations;

(4) is voluntary in that it receives voluntary contributions of money, time, or in-kind support from the public; and

(5) is engaged or intends to be engaged in voluntary, charitable, development, or humanitarian assistance activities.

(c) REPORT.—

(1) IN GENERAL.—Not later than September 30, 1997, the United States Agency for International Development shall submit a report to the Congress on the amount of its funding being channeled through and private and voluntary organizations.

(2) ADDITIONAL REQUIREMENTS.—(A) The report should use fiscal year 1995 as a baseline and include an implementation plan for steadily increasing the percentage of assistance channeled through such organizations, consistent with the funding commitment announced by Vice President Gore in March 1995.

(B) The report should also indicate the proportion of funds made available under the following provisions and channeled through such organizations:

(i) Chapter 11 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2295 et seq.).

(ii) The Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.).

(iii) Chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346).

SEC. 303. MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS.

Section 108 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151f) is amended to read as follows:

“SEC. 108. MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS.

“(a) FINDINGS AND POLICY.—The Congress finds and declares that—

“(1) the development of micro- and small enterprise, including cooperatives, is a vital factor in the stable growth of developing countries and in the development and stability of a free, open, and equitable international economic system;

“(2) it is, therefore, in the best interests of the United States to assist the development of the private sector in developing countries and to engage the United States private sector in that process;

“(3) the support of private enterprise can be served by programs providing credit, training, and technical assistance for the benefit of micro- and small enterprises; and

“(4) programs that provide credit, training, and technical assistance to private institutions can serve as a valuable complement to grant assistance provided for the purpose of benefiting micro- and small private enterprise.

“(b) PROGRAM.—To carry out the policy set forth in subsection (a), the President is authorized to provide assistance to increase the availability of credit to micro- and small enterprises lacking full access to credit, including through—

“(1) loans and guarantees to credit institutions for the purpose of expanding the availability of credit to micro- and small enterprises;

“(2) training programs for lenders in order to enable them to better meet the credit needs of micro- and small entrepreneurs; and

“(3) training programs for micro- and small entrepreneurs in order to enable them to make better use of credit and to better manage their enterprises.

“(c) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated the following amounts for the following purposes (in addition to amounts otherwise available for such purposes):

“(A)(i) \$1,500,000 for each of the fiscal years 1998 and 1999 to carry out subsection (b)(1).

“(ii) Funds authorized to be appropriated under this subparagraph shall be made available for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, for activities under such subsection.

“(B) \$500,000 for each of the fiscal years 1998 and 1999 to carry out paragraphs (2) and (3) of subsection (b).

“(2) AVAILABILITY OF AMOUNTS.—Amounts authorized to be appropriated under paragraph (1) are authorized to remain available until expended.”.

SEC. 304. MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE.

Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by inserting after section 108, as amended by this Act, the following new section:

“SEC. 108A. MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE.

“(a) AUTHORIZATION.—(1) In carrying out this part, the Administrator of the United States Agency for International Development is authorized to provide grant assistance for programs of credit and other assistance for micro enterprises in developing countries.

“(2) Assistance authorized under paragraph (1) shall be provided through organizations that have a capacity to develop and implement microenterprise programs, including particularly—

“(A) United States and indigenous private and voluntary organizations;

“(B) United States and indigenous credit unions and cooperative organizations; or

“(C) other indigenous governmental and nongovernmental organizations.

“(3) Approximately one-half of the credit assistance authorized under paragraph (1) shall be used for poverty lending programs, including the poverty lending portion of mixed programs. Such programs—

“(A) shall meet the needs of the very poor members of society, particularly poor women; and

“(B) should provide loans of \$300 or less in 1995 United States dollars to such poor members of society.

“(4) The Administrator should continue support for mechanisms that—

“(A) provide technical support for field missions;

“(B) strengthen the institutional development of the intermediary organizations described in paragraph (2); and

“(C) share information relating to the provision of assistance authorized under paragraph (1) between such field missions and intermediary organizations.

“(b) MONITORING SYSTEM.—In order to maximize the sustainable development impact of the assistance authorized under subsection (a)(1), the Administrator shall, in accordance with section 1115 of title 31, United States Code (relating to performance plans), establish a monitoring system that—

“(1) establishes performance goals for such assistance and expresses such goals in an objective and quantifiable form, to the extent feasible;

“(2) establishes performance indicators to be used in measuring or assessing the achievement of the goals and objectives of such assistance; and

“(3) provides a basis for recommendations for adjustments to such assistance to enhance the sustainable development impact of such assistance, particularly the impact of such assistance on the very poor, particularly poor women.”.

SEC. 305. PRIVATE SECTOR ENTERPRISE FUNDS.

The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by inserting after section 601 the following new section:

“SEC. 601A. PRIVATE SECTOR ENTERPRISE FUNDS.

“(a) AUTHORITY.—(1) The President may provide funds and support to Enterprise Funds designated in accordance with subsection (b) that are or have been established for the purposes of promoting—

“(A) development of the private sectors of eligible countries, including small businesses, the agricultural sector, and joint ventures with United States and host country participants; and

“(B) policies and practices conducive to private sector development in eligible countries;

on the same basis as funds and support may be provided with respect to Enterprise Funds for Poland and Hungary under the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.).

“(2) Funds may be made available under this section notwithstanding any other provision of law, except sections 502B and 490 of this Act.

“(b) COUNTRIES ELIGIBLE FOR ENTERPRISE FUNDS.—(1) Except as provided in paragraph (2), the President is authorized to designate a private, nonprofit organization as eligible to receive funds and support pursuant to this section with respect to any country eligible to receive assistance under part I of this Act in the same manner and with the same limitations as set forth in section 201(d) of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421(d)).

“(2) The authority of paragraph (1) shall not apply to any country with respect to which the President is authorized to designate an enterprise fund under section 498B(c) of this Act or section 201 of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421).

“(c) TREATMENT EQUIVALENT TO ENTERPRISE FUNDS FOR POLAND AND HUNGARY.—Except as otherwise specifically provided in this section, the provisions contained in section 201 of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421) (excluding the authorizations of appropriations provided in subsection (b) of that section) shall apply to any Enterprise Fund that receives Funds and support under this section. The officers, members, or employees of an Enterprise Fund that receive funds and support under this section shall enjoy the same status under law that is applicable to officers, members, or employees of the Enterprise Funds for Poland and Hungary under section 201 of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421).

“(d) REPORTING REQUIREMENT.—Notwithstanding any other provision of this section, the requirement of section 201(p) of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421(p)), that an Enterprise Fund shall be required to publish an annual report not later than January 31 each year, shall not apply with respect to an Enterprise Fund that receives funds and support under this section for the first twelve months after it is designated as eligible to receive such funds and support.

“(e) FUNDING.—(1) Amounts made available for a fiscal year to carry out chapter 1 of part I of this Act (relating to development assistance) and to carry out chapter 4 of part II of this Act (relating to the economic support fund) shall be available for such fiscal year to carry out this section, in addition to amounts otherwise available for such purposes.

“(2) In addition to amounts available under paragraph (1) for a fiscal year, amounts made available for such fiscal year to carry out chapter 10 of part I of this Act (relating to the Development Fund for Africa) shall be available for such fiscal year to carry out this section with respect to countries in Africa.”.

SEC. 306. DEVELOPMENT CREDIT AUTHORITY.

The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by inserting after section 106 the following:

“SEC. 107A. DEVELOPMENT CREDIT AUTHORITY.

“(a) **GENERAL AUTHORITY.**—The President is authorized to use credit authority (loans, loan guarantees, and other investments involving the extension of credit) to achieve any of the development purposes of this part in cases where—

“(1) the borrowers or activities are deemed sufficiently creditworthy and do not otherwise have access to such credit; and

“(2) the use of credit authority would be appropriate to the achievement of such development purposes.

“(b) **PRIORITY SECTOR POLICIES AND ACTIVITIES.**—

“(1) **IN GENERAL.**—To the maximum extent practicable, preference shall be given to the use of credit authority to promote—

“(A) micro- and small enterprise development policies of section 108;

“(B) sustainable urban and environmental activities pursuant to the policy directives set forth in this part; and

“(C) other development activities that will support and enhance grant-financed policy and institutional reforms under this part.

“(2) **DEVELOPMENT CREDIT AUTHORITY.**—The credit authority described in paragraph (1) shall be known as the ‘Development Credit Authority’.

“(c) **GENERAL AUTHORITY.**—

“(1) **AUTHORITY.**—Of the amounts made available to carry out this chapter, chapters 10 and 11 of this part, chapter 4 of part II of this Act, and the Support for East European Democracy (SEED) Act of 1989 for fiscal years 1998 and 1999, not more than \$13,000,000 for each such fiscal year may be made available to carry out this section.

“(2) **LIMITATIONS.**—(A) Funds made available under paragraph (1) shall be used for activities in the same geographic region for which such funds were originally allocated.

“(B) The President shall notify the congressional committees specified in section 634A at least fifteen days in advance of each transfer of funds under paragraph (1) in accordance with procedures applicable to reprogramming notifications under such section.

“(3) **SUBSIDY COST.**—Amounts made available under paragraph (1) shall be made available for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, for activities under this section.

“(4) **ADMINISTRATIVE EXPENSES.**—

“(A) **AMOUNTS MADE AVAILABLE.**—Of the amounts made available under paragraph (1) for a fiscal year, not more than \$1,500,000 may be made available for administrative expenses to carry out this section.

“(B) **AUTHORIZATION OF APPROPRIATIONS.**—In addition to amounts made available under subparagraph (A), there are authorized to be appropriated for administrative expenses to carry out this section and section 221 \$6,000,000 for each of the fiscal years 1998 and 1999.

“(C) **TRANSFER AUTHORITY.**—Amounts made available under and subparagraph (A) and amounts authorized to be appropriated under subparagraph (B) may be transferred and merged with amounts made available for ‘Operating Expenses of the Agency for International Development’.

“(5) **AVAILABILITY.**—Amounts made available under paragraph (1) are authorized to remain available until expended.

“(d) **GENERAL PROVISIONS APPLICABLE TO DEVELOPMENT CREDIT AUTHORITY.**—

“(1) **POLICY PROVISIONS.**—In providing the credit assistance authorized by this section, the President should apply, as appropriate, the policy provisions in this part applicable to development assistance activities.

“(2) **DEFAULT AND PROCUREMENT PROVISIONS.**—

“(A) **DEFAULT PROVISION.**—The provisions of section 620(q) of this Act, or any comparable provisions of law, shall not be construed to prohibit assistance to a country in the event that a private sector recipient of assistance furnished under this section is in default in its payment to the United States for the period specified in such section.

“(B) **PROCUREMENT PROVISION.**—Assistance may be provided under this section without regard to section 604(a) of this Act.

“(3) **TERMS AND CONDITIONS OF CREDIT ASSISTANCE.**—(A) Assistance provided under this section shall be offered on such terms and conditions, including fees charged, as the President may determine.

“(B) The principal amount of loans made or guaranteed under this section in any fiscal year, with respect to any single country or borrower, may not exceed \$100,000,000.

“(C) No payment may be made under any guarantee issued under this section for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

“(4) FULL FAITH AND CREDIT.—All guarantees issued under this section shall constitute obligations, in accordance with the terms of such guarantees, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations to the extent of the guarantee.

“(5) CO-FINANCING AND RISK SHARING.—

“(A) IN GENERAL.—(i) Assistance provided under this section shall be in the form of co-financing or risk sharing.

“(ii) Credit assistance may not be provided to a borrower under this section unless the Administrator of the United States Agency for International Development determines that there are reasonable prospects of repayment by such borrower.

“(B) ADDITIONAL REQUIREMENT.—The investment or risk of the United States in any one development activity may not exceed 80 percent of the total outstanding investment or risk.

“(6) ELIGIBLE BORROWERS.—

“(A) IN GENERAL.—In order to be eligible to receive credit assistance under this section, a borrower shall be sufficiently credit worthy so that the estimated costs (as defined in section 502 of the Federal Credit Reform Act of 1990) of the proposed credit assistance for the borrower does not exceed 30 percent of the principal amount of credit assistance to be received.

“(B) ADDITIONAL REQUIREMENT.—(i) In addition, with respect to the eligibility of foreign governments as an eligible borrowers under this section, the Administrator of the United States Agency for International Development shall make a determination that the additional debt of the government will not exceed the debt repayment capacity of the government.

“(ii) In making the determination under clause (i), the Administrator shall consult, as appropriate, with international financial institutions and other institutions or agencies that assess debt service capacity.

“(7) ASSESSMENT OF CREDIT RISK.—(A) The Administrator of the United States Agency for International Development shall use the Interagency Country Risk Assessment System (ICRAS) and the methodology approved by the Office of Management and Budget to assess the cost of risk credit assistance provided under this section to foreign governments.

“(B) With respect to the provision of credit to nongovernmental organizations, the Administrator—

“(i) shall consult with appropriate private sector institutions, including the two largest United States private sector debt rating agencies, prior to establishing the risk assessment standards and methodologies to be used; and

“(ii) shall periodically consult with such institutions in reviewing the performance of such standards and methodologies.

“(C) In addition, if the anticipated share of financing attributable to public sector owned or controlled entities, including the United States Agency for International Development, exceeds 49 percent, the Administrator shall determine the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) of such assistance by using the cost and risk assessment determinations of the private sector co-financing entities.

“(8) USE OF UNITED STATES TECHNOLOGY, FIRMS, AND EQUIPMENT.—Activities financed under this section shall, to the maximum extent practicable, use or employ United States technology, firms, and equipment.”

SEC. 307. FOREIGN GOVERNMENT PARKING FINES.

(a) IN GENERAL.—Chapter 1 of part III of the Foreign Assistance Act of 1961 (22 U.S.C. 2351 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

“SEC. 620K. FOREIGN GOVERNMENT PARKING FINES.

“(a) IN GENERAL.—An amount equivalent to 110 percent of the total unpaid fully adjudicated parking fines and penalties owed to the District of Columbia, Virginia, Maryland, New York, and New York City by the government of a foreign country as of the end of a fiscal year, as certified and transmitted to the President by the chief executive officer of each State, City, or District, shall be withheld from obliga-

tion for such country out of funds available in the next fiscal year to carry out part I of this Act, until the requirement of subsection (b) is satisfied.

“(b) REQUIREMENT.—The requirement of this subsection is satisfied when the Secretary of State determines and certifies to the appropriate congressional committees that such fines and penalties are fully paid to the governments of the District of Columbia, Virginia, Maryland, and New York.

“(c) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—For purposes of this section, the term ‘appropriate congressional committees’ means the Committee on International Relations and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to fines certified as of the end of fiscal year 1998 or any fiscal year thereafter.

(c) TECHNICAL AMENDMENT.—The second section 620G of the Foreign Assistance Act of 1961, as added by section 149 of Public Law 104–164 (110 Stat. 1436), is amended—

- (1) by redesignating such section as section 620J of such Act; and
- (2) by inserting such section after section 620I of such Act.

SEC. 308. WITHHOLDING UNITED STATES ASSISTANCE TO COUNTRIES THAT AID THE GOVERNMENT OF CUBA.

(a) IN GENERAL.—Except as provided in subsection (b), not later than 180 days after the date of the enactment of this Act, the President shall withhold assistance under the Foreign Assistance Act of 1961 to any foreign government providing economic, development, or security assistance for, or engaging in nonmarket based trade with the Government of Cuba.

(b) WAIVER.—The President may waive the provisions of subsection (a) if the President certifies to the appropriate congressional committees that the provision of United States assistance is important to the national security of the United States.

(c) NONMARKET BASED TRADE DEFINED.—For the purpose of this section, the term “nonmarket based trade” means exports, imports, exchanges, or other arrangements that are provided for goods and services on terms more favorable than those generally available in applicable markets or for comparable commodities, including—

- (1) exports to the Cuban Government on terms that involve a grant, concessional price, guaranty, insurance, or subsidy;
- (2) imports from the Cuban Government at preferential tariff rates;
- (3) exchange arrangements that include advance delivery of commodities, arrangements in which the Cuban Government is not held accountable for unfulfilled exchange contracts, and arrangements under which Cuba does not pay appropriate transportation, insurance, or finance costs; and
- (4) the exchange, reduction, or forgiveness of debt of the Cuban Government in exchange for a grant by the Cuban Government of an equity interest in a property, investment, or operation of the Cuban Government or of a Cuban national.

TITLE IV—DEFENSE AND SECURITY ASSISTANCE

CHAPTER 1—NARCOTICS CONTROL ASSISTANCE

SEC. 401. DEFINITION.

(a) IN GENERAL.—Section 481(e)(4) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291(e)(4)) is amended—

- (1) in subparagraph (A)(ii), inserting “or under chapter 5 of part II” after “(including chapter 4 of part II)”; and
- (2) in subparagraph (B), by inserting before the semicolon at the end the following: “, other than sales or financing provided for narcotics-related purposes following notification in accordance with procedures applicable to reprogramming notifications under section 634A of this Act”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to assistance provided on or after the date of the enactment of this Act.

SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

Section 482(a)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291a(a)(1)) is amended by striking “\$147,783,000 for fiscal year 1993 and \$171,500,000 for fiscal year 1994” and inserting “\$230,000,000 for each of the fiscal years 1998 and 1999”.

SEC. 403. AUTHORITY TO WITHHOLD BILATERAL ASSISTANCE AND OPPOSE MULTILATERAL DEVELOPMENT ASSISTANCE FOR MAJOR ILLICIT DRUG PRODUCING COUNTRIES, DRUG-TRANSIT COUNTRIES, AND MONEY LAUNDERING COUNTRIES.

(a) IN GENERAL.—Section 490 of the Foreign Assistance Act of 1961 (22 U.S.C. 2291j) is amended to read as follows:

“SEC. 490. AUTHORITY TO WITHHOLD BILATERAL ASSISTANCE AND OPPOSE MULTILATERAL DEVELOPMENT ASSISTANCE FOR MAJOR ILLICIT DRUG PRODUCING COUNTRIES, DRUG-TRANSIT COUNTRIES, AND MONEY LAUNDERING COUNTRIES.

“(a) IN GENERAL.—For every country identified in the report under section 489(a)(3), the President shall, on or after March 1, 1998, and March 1 of each succeeding year, to the extent considered necessary by the President to achieve the purposes of this chapter, take one or more of the following actions:

“(1) Withhold from obligation and expenditure any or all United States assistance allocated each fiscal year in the report required by section 653 for each such country.

“(2) Instruct the Secretary of the Treasury to instruct the United States Executive Director of each multilateral development bank to vote, on and after March 1 of each year, against any loan or other utilization of the funds of their respective institution to or for any such country.

“(b) CONSIDERATIONS.—In determining whether or not take one or more actions described in subsection (a), the President shall consider the extent to which—

“(1) the country has—

“(A) met the goals and objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, including action on such issues as illicit cultivation, production, distribution, sale, transport and financing, and money laundering, asset seizure, extradition, mutual legal assistance, law enforcement and transit cooperation, precursor chemical control, and demand reduction;

“(B) accomplished the goals described in an applicable bilateral narcotics agreement with the United States or a multilateral agreement;

“(C) reached agreement, or is negotiating in good faith to reach agreement, to ensure that banks and other financial institutions of the country maintain adequate records of large United States currency transactions;

“(D) reached agreement, or is negotiating in good faith to reach agreement, to establish a mechanism for exchanging adequate records on international currency transactions in connection with narcotics investigations and proceedings; and

“(E) taken legal and law enforcement measures to prevent and punish public corruption, especially by senior government officials, that facilitates the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances, or that discourages the investigation or prosecution of such acts; and

“(2) such actions will—

“(A) promote the purposes of this chapter; and

“(B) affect other United States national interests.

“(c) CONSULTATIONS WITH THE CONGRESS.—

“(1) CONSULTATIONS.—The President shall consult with the Congress on the status of counter-narcotics cooperation between the United States and each major illicit drug producing country, major drug-transit country, or major money laundering country.

“(2) PURPOSE.—

“(A) IN GENERAL.—The purpose of the consultations under paragraph (1) shall be to facilitate improved discussion and understanding between the Congress and the President on United States counter-narcotics goals and objectives with regard to the countries described in paragraph (1), including the strategy for achieving such goals and objectives.

“(B) REGULAR AND SPECIAL CONSULTATIONS.—In order to carry out subparagraph (A), the President (or senior officials designated by the President who are responsible for international narcotics programs and policies) shall meet with Members of Congress—

“(i) on a quarterly basis for discussions and consultations; and

“(ii) whenever time-sensitive issues arise.

“(d) DEFINITION.—For purposes of this section, the term ‘multilateral development bank’ means the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the European Bank for Reconstruction and Development.”.

(b) CONFORMING AMENDMENTS.—(1) Section 481(e)(8) of such Act (22 U.S.C. 2291(e)(8)) is amended by striking “Committee on Foreign Affairs” and inserting “Committee on International Relations”.

(2) Section 485(b) of such Act (22 U.S.C. 2291d(b)) is amended by striking “Committee on Foreign Affairs” and inserting “Committee on International Relations”.

(3) Section 488(a)(3) of such Act (22 U.S.C. 2291g(a)(3)) is amended by striking “Committee on Foreign Affairs” and inserting “Committee on International Relations”.

(4) Section 489(a) of such Act (22 U.S.C. 2291h(a)) is amended—

(A) in paragraph (3)(A), by striking “as determined under section 490(h)”; and

(B) in the matter preceding subparagraph (A) of paragraph (7), by striking “paragraph (3)(D)” and inserting “paragraph (3)(C)”.

CHAPTER 2—NONPROLIFERATION, ANTITERRORISM, DEMINING, AND RELATED PROGRAMS

SEC. 411. NONPROLIFERATION, ANTITERRORISM, DEMINING, AND RELATED PROGRAMS.

(a) IN GENERAL.—Part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2301 et seq.) is amended by adding at the end the following:

“CHAPTER 9—NONPROLIFERATION, ANTITERRORISM, DEMINING AND RELATED PROGRAMS

“SEC. 581. NONPROLIFERATION AND DISARMAMENT FUND.

“(a) ESTABLISHMENT OF FUND.—The President shall establish a Nonproliferation and Disarmament Fund, which may be used notwithstanding any other provision of law, to promote bilateral and multilateral nonproliferation and disarmament activities—

“(1) to halt the proliferation of nuclear, biological, and chemical weapons, their delivery systems, related technologies, and other weapons;

“(2) to dismantle and destroy nuclear, biological, and chemical weapons, their delivery systems, and conventional weapons;

“(3) to prevent the diversion of weapons-related scientific and technical expertise; and

“(4) to support science and technology centers in Russia and the Ukraine.

“(b) PROHIBITED ACTIVITIES.—Amounts made available to carry out subsection (a) may not be used to implement United States obligations pursuant to bilateral or multilateral arm control treaties or nonproliferation accords, including the payment of salaries and expenses.

“(c) ADDITIONAL REQUIREMENTS.—

“(1) NOTIFICATION.—Amounts made available to carry out subsection (a) may be provided only if the congressional committees specified in section 634A of this Act are notified at least fifteen days before providing funds under such subsection in accordance with procedures applicable to reprogramming notifications under such section.

“(2) ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION AND INTERNATIONAL ORGANIZATIONS.—Amounts made available to carry out subsection (a) may only be provided for the independent states of the former Soviet Union and international organizations if the Secretary of State—

“(A) determines it is in the national interest of the United States to do so; and

“(B) includes such determination in the notification described in paragraph (1).

“(d) AVAILABILITY OF AMOUNTS.—

“(1) IN GENERAL.—Of the amounts made available to carry out this chapter for fiscal years 1998 and 1999—

“(A) not less than \$15,000,000 for each such fiscal year may be made available to carry out subsection (a); and

“(B) not more than \$5,000,000 of the amount made available under subparagraph (A) for fiscal year 1998, and not more than \$3,000,000 of such amount made available in fiscal year 1999, may be used to support export control programs.

“(2) AVAILABILITY.—Amounts made available under paragraph (1) are authorized to remain available until expended.

“SEC. 582. ASSISTANCE FOR ANTITERRORISM.

“Amounts made available to carry out this chapter for fiscal years 1998 and 1999 may be made available to carry out chapter 8 of part II of this Act.

“SEC. 583. ASSISTANCE FOR DEMINING.

“The President is authorized to provide assistance for demining activities, notwithstanding any other provision of law, including—

- “(1) to enhance the ability of countries, international organizations, and non-governmental organizations to detect and clear landmines; and
- “(2) to educate affected populations about the dangers of landmines.

“SEC. 584. ASSISTANCE FOR RELATED PROGRAMS.

“(a) IN GENERAL.—Amounts made available to carry out this chapter for fiscal years 1998 and 1999 may be made available to carry out section 301 of this Act for voluntary contributions to the International Atomic Energy Agency (IAEA) and the Korean Peninsula Energy Development Organization (KEDO) and to programs administered by such organizations.

“(b) LIMITATION.—Of the amounts made available under subsection (a) for fiscal years 1998 and 1999, not more than \$30,000,000 may be made available for each fiscal year to KEDO for the administrative expenses and heavy fuel oil costs associated with implementation of the Agreed Framework.

“SEC. 585. DEFINITIONS.

“As used in this chapter—

“(1) AGREED FRAMEWORK.—The term ‘Agreed Framework’ means the documents agreed to between the United States and the Democratic People’s Republic of Korea on October 21, 1994, regarding elimination of the nuclear weapons program of the Democratic People’s Republic of Korea and the provision of certain assistance to that country.

“(2) INDEPENDENT STATES OF THE FORMER SOVIET UNION.—The term ‘independent states of the former Soviet Union’ has the meaning given such term in section 3 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (22 U.S.C. 5801).

“SEC. 586. AUTHORIZATION OF APPROPRIATIONS.

“(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$110,000,000 for fiscal year 1998 and \$111,000,000 for fiscal year 1999, in addition to amounts otherwise available for such purposes, to carry out the purpose of this chapter.

“(b) ADMINISTRATIVE AUTHORITIES.—Any agency of the United States Government may utilize such funds in accordance with authority granted under this Act or under authority governing the activities of that agency.

“(c) DESIGNATION OF ACCOUNT.—Appropriations pursuant to subsection (a) may be referred to as the ‘Nonproliferation, Antiterrorism, Demining and Related Programs Account’ or ‘NADR Account’.”.

(b) REFERENCE IN OTHER PROVISIONS OF LAW.—A reference in any other provision of law to section 504 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (22 U.S.C. 5854) shall be deemed to include a reference to chapter 9 of part II of the Foreign Assistance Act of 1961, as added by subsection (a).

(c) CONFORMING AMENDMENTS.—(1) Section 504 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (22 U.S.C. 5854) is hereby repealed.

(2) The table of contents of such Act is amended by striking the item relating to section 504.

CHAPTER 3—FOREIGN MILITARY FINANCING PROGRAM**SEC. 421. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated to the President for grant assistance under section 23 of the Arms Export Control Act (22 U.S.C. 2763) and for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, of direct loans under such section—

- (1) \$3,318,000,000 for fiscal year 1998; and
- (2) \$3,274,250,000 for fiscal year 1999.

SEC. 422. ASSISTANCE FOR ISRAEL.

(a) MINIMUM ALLOCATION.—Of the amounts made available for fiscal years 1998 and 1999 for assistance under section 23 of the Arms Export Control Act (22 U.S.C. 2763; relating to the “Foreign Military Financing Program”), not less than \$1,800,000,000 for each such fiscal year shall be available only for Israel.

(b) TERMS OF ASSISTANCE.—

(1) GRANT BASIS.—The assistance provided for Israel for each fiscal year under subsection (a) shall be provided on a grant basis.

(2) EXPEDITED DISBURSEMENT.—Such assistance shall be disbursed—

(A) with respect to fiscal year 1998, not later than 30 days after the date of the enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1998, or by October 31, 1997, whichever is later; and

(B) with respect to fiscal year 1999, not later than 30 days after the date of the enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999, or by October 31, 1998, whichever is later.

(3) ADVANCED WEAPONS SYSTEMS.—To the extent that the Government of Israel requests that funds be used for such purposes, funds described in subsection (a) shall, as agreed by the Government of Israel and the Government of the United States, be available for advanced weapons systems, of which not less than \$475,000,000 for each fiscal year shall be available only for procurement in Israel of defense articles and defense services, including research and development.

SEC. 423. ASSISTANCE FOR EGYPT.

(a) MINIMUM ALLOCATION.—Of the amounts made available for fiscal years 1998 and 1999 for assistance under section 23 of the Arms Export Control Act (22 U.S.C. 2763; relating to the “Foreign Military Financing Program” account), not less than \$1,300,000,000 for each such fiscal year shall be available only for Egypt.

(b) TERMS OF ASSISTANCE.—The assistance provided for Egypt for each fiscal year under subsection (a) shall be provided on a grant basis.

SEC. 424. AUTHORIZATION OF ASSISTANCE TO FACILITATE TRANSITION TO NATO MEMBERSHIP UNDER NATO PARTICIPATION ACT OF 1994.

(a) MINIMUM ALLOCATION.—Of the amounts made available for fiscal years 1998 and 1999 for assistance under section 23 of the Arms Export Control Act (22 U.S.C. 2763; relating to the “Foreign Military Financing Program”), not less than \$50,900,000 for each such fiscal year shall be made available for the program established under section 203(a) of the NATO Participation Act of 1994 (title II of Public Law 103–447; 22 U.S.C. 1928 note).

(b) TERMS OF ASSISTANCE.—The assistance provided under subsection (a) may be provided on a grant basis, and may also be made available for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, of direct loans to countries eligible for assistance under the program established under section 203(a) of the NATO Participation Act of 1994 (title II of Public Law 103–447; 22 U.S.C. 1928 note).

SEC. 425. LOANS FOR GREECE AND TURKEY.

Of the amounts made available for fiscal year 1998 under section 23 of the Arms Export Control Act (22 U.S.C. 2763)—

(1) not more than \$12,850,000 shall be made available for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, of direct loans for Greece; and

(2) not more than \$33,150,000 shall be made available for such subsidy cost of direct loans for Turkey.

SEC. 426. LIMITATIONS ON LOANS.

Of the amounts made available for fiscal year 1999 under section 23 of the Arms Export Control (22 U.S.C. 2763) for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, of direct loans, no such amounts shall be made available to any country which has an Inter-Agency Country Risk Assessment Systems (ICRAS) rating of less than grade C-.

SEC. 427. ADMINISTRATIVE EXPENSES.

Of the amounts made available for fiscal years 1998 and 1999 for assistance under section 23 of the Arms Export Control Act (22 U.S.C. 2763; relating to the “Foreign Military Financing Program”), not more than \$23,250,000 for each of the fiscal years 1998 and 1999 may be made available for necessary expenses for the general costs of administration of military assistance and sales, including expenses incurred in purchasing passenger motor vehicles for replacement for use outside the United States.

CHAPTER 4—INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 431. AUTHORIZATION OF APPROPRIATIONS.

Section 542 of the Foreign Assistance Act of 1961 (22 U.S.C. 2347a) is amended by striking “\$56,221,000 for the fiscal year 1986 and \$56,221,000 for the fiscal year 1987” and inserting “\$50,000,000 for each of the fiscal years 1998 and 1999”.

SEC. 432. IMET ELIGIBILITY FOR PANAMA AND HAITI.

Notwithstanding section 660(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2420(c)), assistance under chapter 5 of part II of such Act (22 U.S.C. 2347) may be provided to Panama and Haiti for each of the fiscal years 1998 and 1999.

CHAPTER 5—TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES

SEC. 441. AUTHORITY TO TRANSFER NAVAL VESSELS.

(a) BRAZIL.—The Secretary of the Navy is authorized to transfer to the Government of Brazil the “HUNLEY” class submarine tender HOLLAND (AS 32).

(b) CHILE.—The Secretary of the Navy is authorized to transfer to the Government of Chile the “KAISER” class oiler ISHERWOOD (T-AO 191).

(c) EGYPT.—The Secretary of the Navy is authorized to transfer to the Government of Egypt the “KNOX” class frigates PAUL (FF 1080), MILLER (FF 1091), JESSE L. BROWN (FFT 1089), and MOINESTER (FFT 1097), and the “OLIVER HAZARD PERRY” class frigates FAHRION (FFG 22) and LEWIS B. PULLER (FFG 23).

(d) ISRAEL.—The Secretary of the Navy is authorized to transfer to the Government of Israel the “NEWPORT” class tank landing ship PEORIA (LST 1183).

(e) MALAYSIA.—The Secretary of the Navy is authorized to transfer to the Government of Malaysia the “NEWPORT” class tank landing ship BARBOUR COUNTY (LST 1195).

(f) MEXICO.—The Secretary of the Navy is authorized to transfer to the Government of Mexico the “KNOX” class frigate ROARK (FF 1053).

(g) TAIWAN.—The Secretary of the Navy is authorized to transfer to the Taipei Economic and Cultural Representative Office in the United States (which is the Taiwan instrumentality designated pursuant to section 10(a) of the Taiwan Relations Act) the “KNOX” class frigates WHIPPLE (FF 1062) and DOWNES (FF 1070).

(h) THAILAND.—The Secretary of the Navy is authorized to transfer to the Government of Thailand the “NEWPORT” class tank landing ship SCHENECTADY (LST 1185).

(i) FORM OF TRANSFERS.—Each transfer authorized by this section shall be on a sales basis under section 21 of the Arms Export Control Act (22 U.S.C. 2761; relating to the foreign military sales program).

SEC. 442. COSTS OF TRANSFERS.

Any expense of the United States in connection with a transfer authorized by this chapter shall be charged to the recipient.

SEC. 443. EXPIRATION OF AUTHORITY.

The authority granted by section 451 shall expire at the end of the 2-year period beginning on the date of the enactment of this Act.

SEC. 444. REPAIR AND REFURBISHMENT OF VESSELS IN UNITED STATES SHIPYARDS.

The Secretary of the Navy shall require, to the maximum extent possible, as a condition of a transfer of a vessel under this chapter, that the country to which the vessel is transferred have such repair or refurbishment of the vessel as is needed, before the vessel joins the naval forces of that country, performed at a shipyard located in the United States, including a United States Navy shipyard.

CHAPTER 6—INDONESIA MILITARY ASSISTANCE ACCOUNTABILITY ACT

SEC. 451. SHORT TITLE.

This chapter may be cited as the “Indonesia Military Assistance Accountability Act”.

SEC. 452. FINDINGS.

The Congress finds the following:

- (1)(A) Despite a surface adherence to democratic forms, the Indonesian political system remains strongly authoritarian.

(B) The government is dominated by an elite comprising President Soeharto (now in his sixth 5-year term), his close associates, and the military.

(C) The government requires allegiance to a state ideology known as “Pancasila”, which stresses consultation and consensus, but is also used to limit dissent, to enforce social and political cohesion, and to restrict the development of opposition elements.

(2) The Government of Indonesia recognizes only one official trade union, has refused to register independent trade unions such as the Indonesian Prosperity Trade Union (SBSI), has arrested Mughtar Pakpahan, the General Chairman of the SBSI, on charges of subversion, and other labor activists, and has closed the offices and confiscated materials of the SBSI.

(3) Civil society organizations in Indonesia, such as environmental organizations, election-monitoring organizations, legal aid organizations, student organizations, trade union organizations, and community organizations, have been harassed by the Government of Indonesia through such means as detentions, interrogations, denial of permission for meetings, banning of publications, repeated orders to report to security forces or judicial courts, and illegal seizure of documents.

(4)(A) The armed forces of Indonesia continue to carry out torture and other severe violations of human rights in East Timor, Irian Jaya, and other parts of Indonesia, to detain and imprison East Timorese and others for nonviolent expression of political views, and to maintain unjustifiably high troop levels in East Timor.

(B) Indonesian civil authorities must improve their human rights performance in East Timor, Irian Jaya, and elsewhere in Indonesia, and aggressively prosecute violations.

(5) The Nobel Prize Committee awarded the 1996 Nobel Peace Prize to Bishop Carlos Felipe Ximenes Belo and Jose Ramos Horta for their tireless efforts to find a just and peaceful solution to the conflict in East Timor.

(6) In 1992, the Congress suspended the international military and education training (IMET) program for Indonesia in response to a November 12, 1991, shooting incident in East Timor by Indonesian security forces against peaceful Timorese demonstrators in which no progress has been made in accounting for the missing persons either in that incident or others who disappeared in 1995–96.

(7) On August 1, 1996, then Secretary of State Warren Christopher stated in testimony before the Committee on Foreign Relations of the Senate, “I think there’s a strong interest in seeing an orderly transition of power there [in Indonesia] that will recognize the pluralism that should exist in a country of that magnitude and importance.”

(8) The United States has important economic, commercial, and security interests in Indonesia because of its growing economy and markets and its strategic location astride a number of key international straits which will only be strengthened by democratic development in Indonesia and a policy which promotes political pluralism and respect for universal human rights.

SEC. 453. LIMITATION ON MILITARY ASSISTANCE TO THE GOVERNMENT OF INDONESIA.

(a) **IN GENERAL.**—The United States shall not provide military assistance and arms transfers programs for a fiscal year to the Government of Indonesia unless the President determines and certifies to the Congress for that fiscal year that the Government of Indonesia meets the following requirements:

(1) **DOMESTIC MONITORING OF ELECTIONS.**—(A) The Government of Indonesia provides official accreditation to independent election-monitoring organizations, including the Independent Election Monitoring Committee (KIPP), to observe national elections without interference by personnel of the Government or of the armed forces.

(B) In addition, such organizations are allowed to assess such elections and to publicize or otherwise disseminate the assessments throughout Indonesia.

(2) **PROTECTION OF NONGOVERNMENTAL ORGANIZATIONS.**—The police or military of Indonesia do not confiscate materials from or otherwise engage in illegal raids on the offices or homes of members of both domestic or international nongovernmental organizations, including election-monitoring organizations, legal aid organizations, student organizations, trade union organizations, community organizations, environmental organizations, and religious organizations.

(3) **ACCOUNTABILITY FOR ATTACK ON PDI HEADQUARTERS.**—As recommended by the Government of Indonesia’s National Human Rights Commission, the Government of Indonesia has investigated the attack on the headquarters of the Democratic Party of Indonesia (PDI) on July 27, 1996, prosecuted individuals

who planned and carried out the attack, and made public the postmortem examination of the five individuals killed in the attack.

(4) RESOLUTION OF CONFLICT IN EAST TIMOR.—

(A) ESTABLISHMENT OF DIALOGUE.—The Government of Indonesia is doing everything possible to enter into a process of dialogue, under the auspices of the United Nations, with Portugal and East Timorese leaders of various viewpoints to discuss ideas toward a resolution of the conflict in East Timor and the political status of East Timor.

(B) REDUCTION OF TROOPS.—The Government of Indonesia has established and implemented a plan to reduce the number of Indonesian troops in East Timor.

(C) RELEASE OF POLITICAL PRISONERS.—Individuals detained or imprisoned for the non-violent expression of political views in East Timor have been released from custody.

(5) IMPROVEMENT IN LABOR RIGHTS.—The Government of Indonesia has taken the following actions to improve labor rights in Indonesia:

(A) The Government has dropped charges of subversion, and previous charges against the General Chairman of the SBSI trade union, Muchtar Pakpahan, and released him from custody.

(B) The Government has substantially reduced the requirements for legal recognition of the SBSI or other legitimate worker organizations as a trade union.

(b) WAIVERS.—

(1) IN GENERAL.—The limitation on United States military assistance and arms transfers under subsection (a) shall not apply if the President determines and notifies the Congress that—

(A) an emergency exists that requires providing such assistance or arms transfers for the Government of Indonesia; or

(B) subject to paragraph (2), it is in the national interest of the United States to provide such assistance or arms transfers for the Government of Indonesia.

(2) APPLICABILITY.—A determination under paragraph (1)(B) shall not become effective until 15 days after the date on which the President notifies the Congress in accordance with such paragraph.

(c) EFFECTIVE DATE.—The limitation on United States military assistance and arms transfers under subsection (a) shall apply only with respect to assistance provided for, and arms transfers made pursuant to agreements entered into, fiscal years beginning after the date of enactment of this Act.

SEC. 454. UNITED STATES MILITARY ASSISTANCE AND ARMS TRANSFERS DEFINED.

As used in this chapter, the term “military assistance and arms transfers” means—

(1) small arms, crowd control equipment, armored personnel carriers, and such other items that can commonly be used in the direct violation of human rights; and

(2) assistance under chapter 5 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2347 et seq.; relating to international military education and training or “IMET”), except such term shall not include Expanded IMET, pursuant to section 541 of such Act.

CHAPTER 7—OTHER PROVISIONS

SEC. 461. EXCESS DEFENSE ARTICLES FOR CERTAIN EUROPEAN COUNTRIES.

Section 105 of Public Law 104–164 (110 Stat. 1427) is amended by striking “1996 and 1997” and inserting “1998 and 1999”.

SEC. 462. TRANSFER OF CERTAIN OBSOLETE OR SURPLUS DEFENSE ARTICLES IN THE WAR RESERVE ALLIES STOCKPILE TO THE REPUBLIC OF KOREA.

(a) AUTHORITY.—

(1) IN GENERAL.—Notwithstanding section 514 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321h), the President is authorized to transfer to the Republic of Korea, in return for concessions to be negotiated by the Secretary of Defense, with the concurrence of the Secretary of State, any or all of the items described in paragraph (2).

(2) ITEMS DESCRIBED.—The items described in this paragraph are equipment, tanks, weapons, repair parts, and ammunition that—

(A) are obsolete or surplus items;

(B) are in the inventory of the Department of Defense;

(C) are intended for use as reserve stocks for the Republic of Korea; and

(D) as of the date of enactment of this Act, are located in a stockpile in the Republic of Korea.

(b) CONCESSIONS.—The value of the concessions negotiated pursuant to subsection (a) shall be at least equal to the fair market value of the items transferred. The concessions may include cash compensation, services, waiver of charges otherwise payable by the United States, and other items of value.

(c) ADVANCE NOTIFICATION OF TRANSFER.—Not less than 30 days before making a transfer under the authority of this section, the President shall transmit to the Committee on Foreign Relations of the Senate, the Committee on International Relations of the House of Representatives, and the congressional defense committees a notification of the proposed transfer. The notification shall identify the items to be transferred and the concessions to be received.

(d) EXPIRATION OF AUTHORITY.—No transfer may be made under the authority of this section more than two years after the date of the enactment of this Act.

SEC. 463. ADDITIONAL REQUIREMENTS RELATING TO STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.

(a) VALUE OF ADDITIONS TO STOCKPILES.—Section 514(b)(2)(A) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321h(b)(2)(A)) is amended by inserting before the period at the end the following: “and \$60,000,000 for fiscal year 1998”.

(b) REQUIREMENTS RELATING TO THE REPUBLIC OF KOREA AND THAILAND.—Section 514(b)(2)(B) of such Act (22 U.S.C. 2321h(b)(2)(B)) is amended by adding at the end the following: “Of the amount specified in subparagraph (A) for fiscal year 1998, not more than \$40,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand.”.

SEC. 464. DELIVERY OF DRAWDOWN BY COMMERCIAL TRANSPORTATION SERVICES.

Section 506 of the Foreign Assistance Act of 1961 (22 U.S.C. 2318) is amended—

(1) in subsection (b)(2), by striking the period and inserting the following: “, including providing the Congress with a report detailing all defense articles, defense services, and military education and training delivered to the recipient country or international organization upon delivery of such articles or upon completion of such services or education and training. Such report shall also include whether any savings were realized by utilizing commercial transport services rather than acquiring those services from United States Government transport assets.”;

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following:

“(c) For the purposes of any provision of law that authorizes the drawdown of defense or other articles or commodities, or defense or other services from an agency of the United States Government, such drawdown may include the supply of commercial transportation and related services that are acquired by contract for the purposes of the drawdown in question if the cost to acquire such commercial transportation and related services is less than the cost to the United States Government of providing such services from existing agency assets.”.

SEC. 465. CASH FLOW FINANCING NOTIFICATION.

Section 25 of the Arms Export Control Act (22 U.S.C. 2765) is amended—

(1) in the second subsection (d)—

(A) by striking “(d)” and inserting “(e)”; and

(B) by striking the semicolon at the end and inserting a period; and

(2) by adding at the end the following:

“(f) For each country that has been approved for cash flow financing (as defined in subsection (e)) under section 23 of this Act (relating to the ‘Foreign Military Financing Program’), any letter of offer and acceptance or other purchase agreement, or any amendment thereto, for a procurement in excess of \$100,000,000 that is to be financed in whole or in part with funds made available under this Act shall be submitted in accordance with the procedures applicable to reprogramming notifications pursuant to section 634A of this Act and through the regular notification procedures of the Committee on Appropriations.”.

SEC. 466. MULTINATIONAL ARMS SALES CODE OF CONDUCT.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the President shall convene negotiations with all Wassenaar Arrangement countries for the purpose of establishing a multinational arms sales code of conduct.

(b) CONDUCT OF NEGOTIATIONS.—Such negotiations shall achieve agreement on restricting or prohibiting arms transfers to countries that—

(1) do not respect democratic processes and the rule of law;

- (2) do not adhere to internationally-recognized norms on human rights; or
- (3) are engaged in acts of armed aggression.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the President shall prepare and transmit to the Committee on International Relations of the House of Representative and the Committee on Foreign Relations of the Senate a report on—

- (1) efforts to establish a multinational arms sales code of conduct;
- (2) progress toward establishing such code of conduct; and
- (3) any obstacles that impede the establishment of such code of conduct.

TITLE V—ECONOMIC ASSISTANCE

CHAPTER 1—ECONOMIC SUPPORT ASSISTANCE

SEC. 501. ECONOMIC SUPPORT FUND.

Section 532(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2346a(a)) is amended to read as follows:

“(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter \$2,388,350,000 for fiscal year 1998 and \$2,350,600,000 for fiscal year 1999.”

SEC. 502. ASSISTANCE FOR ISRAEL.

(a) MINIMUM ALLOCATION.—Of the amounts made available for fiscal years 1998 and 1999 for assistance under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346; relating to the economic support fund), not less than \$1,200,000,000 for each such fiscal year shall be available only for Israel.

(b) TERMS OF ASSISTANCE.—

(1) CASH TRANSFER.—The total amount of funds allocated for Israel for each fiscal year under subsection (a) shall be made available on a grant basis as a cash transfer.

(2) EXPEDITED DISBURSEMENT.—Such funds shall be disbursed—

(A) with respect to fiscal year 1998, not later than 30 days after the date of the enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1998, or by October 31, 1997, whichever is later; and

(B) with respect to fiscal year 1999, not later than 30 days after the date of the enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999, or by October 31, 1998, whichever is later.

(3) ADDITIONAL REQUIREMENT.—In exercising the authority of this subsection, the President shall ensure that the amount of funds provided as a cash transfer to Israel does not cause an adverse impact on the total level of nonmilitary exports from the United States to Israel.

SEC. 503. ASSISTANCE FOR EGYPT.

(a) MINIMUM ALLOCATION.—Of the amounts made available for fiscal years 1998 and 1999 for assistance under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346; relating to the economic support fund), not less than \$815,000,000 for each such fiscal year shall be available only for Egypt.

(b) ADDITIONAL REQUIREMENT.—In exercising the authority of this section, the President shall ensure that the amount of funds provided as a cash transfer to Egypt does not cause an adverse impact on the total level of nonmilitary exports from the United States to Egypt.

(c) DECLARATION OF POLICY.—The Congress declares the following:

(1) Assistance to Egypt is based in great measure upon Egypt’s continued implementation of the Camp David accords and the Egyptian-Israeli peace treaty.

(2) Fulfillment by Egypt of its obligations under the agreements described in paragraph (1) has been disappointing, particularly the failure by Egypt to meet fully its commitment made at Camp David to establish with Israel “relationships normal to states at peace with one another”, and in its recent support for reimposing the Arab economic boycott of Israel.

(3) Support for future funding levels of assistance for Egypt will be determined largely on whether Egypt fulfills its obligations to develop normal relations with Israel and to promote peace with Israel and other critical United States interests both in Egypt and the wider Arab world.

SEC. 504. INTERNATIONAL FUND FOR IRELAND.

(a) **FUNDING.**—Of the amounts made available for fiscal years 1998 and 1999 for assistance under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346; relating to the economic support fund), not more than \$19,600,000 for each of the fiscal years 1998 and 1999 shall be available for the United States contribution to the International Fund for Ireland in accordance with the Anglo-Irish Agreement Support Act of 1986 (Public Law 99–415).

(b) ADDITIONAL REQUIREMENTS.—

(1) **PURPOSES.**—Section 2(b) of the Anglo-Irish Agreement Support Act of 1986 (Public Law 99–415; 100 Stat. 947) is amended by adding at the end the following new sentences: “United States contributions shall be used in a manner that effectively increases employment opportunities in communities with rates of unemployment significantly higher than the local or urban average of unemployment in Northern Ireland. In addition, such contributions shall be used to benefit individuals residing in such communities.”.

(2) **CONDITIONS AND UNDERSTANDINGS.**—Section 5(a) of such Act is amended—

(A) in the first sentence—

(i) by striking “The United States” and inserting the following:

“(1) IN GENERAL.—The United States”;

(ii) by striking “in this Act may be used” and inserting the following:

“in this Act—

“(A) may be used”;

(iii) by striking the period and inserting “; and”; and

(iv) by adding at the end the following:

“(B) may be provided to an individual or entity in Northern Ireland only if such individual or entity is in compliance with the principles of economic justice.”; and

(B) in the second sentence, by striking “The restrictions” and inserting the following:

“(2) ADDITIONAL REQUIREMENTS.—The restrictions”.

(3) **PRIOR CERTIFICATIONS.**—Section 5(c)(2) of such Act is amended—

(A) in subparagraph (A), by striking “principle of equality” and all that follows and inserting “principles of economic justice; and”; and

(B) in subparagraph (B), by inserting before the period at the end the following: “and will create employment opportunities in regions and communities of Northern Ireland suffering the highest rates of unemployment”.

(4) **ANNUAL REPORTS.**—Section 6 of such Act is amended—

(A) in paragraph (2), by striking “and” at the end;

(B) in paragraph (3), by striking the period and inserting “; and”; and

(C) by adding at the end the following new paragraph:

“(4) each individual or entity receiving assistance from United States contributions to the International Fund has agreed in writing to comply with the principles of economic justice.”.

(5) **REQUIREMENTS RELATING TO FUNDS.**—Section 7 of such Act is amended by adding at the end the following:

“(c) **PROHIBITION.**—Nothing included herein shall require quotas or reverse discrimination or mandate their use.”.

(6) **DEFINITIONS.**—Section 8 of such Act is amended—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following new paragraphs:

“(3) the term ‘Northern Ireland’ includes the counties of Antrim, Armagh, Derry, Down, Tyrone, and Fermanagh; and

“(4) the term ‘principles of economic justice’ means the following principles:

“(A) Increasing the representation of individuals from underrepresented religious groups in the workforce, including managerial, supervisory, administrative, clerical, and technical jobs.

“(B) Providing adequate security for the protection of minority employees at the workplace.

“(C) Banning provocative sectarian or political emblems from the workplace.

“(D) Providing that all job openings be advertised publicly and providing that special recruitment efforts be made to attract applicants from underrepresented religious groups.

“(E) Providing that layoff, recall, and termination procedures do not favor a particular religious group.

“(F) Abolishing job reservations, apprenticeship restrictions, and differential employment criteria which discriminate on the basis of religion.

“(G) Providing for the development of training programs that will prepare substantial numbers of minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.

“(H) Establishing procedures to assess, identify, and actively recruit minority employees with the potential for further advancement.

“(I) Providing for the appointment of a senior management staff member to be responsible for the employment efforts of the entity and, within a reasonable period of time, the implementation of the principles described in subparagraphs (A) through (H).”.

(7) EFFECTIVE DATE.—The amendments made by this subsection shall take effect 180 days after the date of the enactment of this Act.

SEC. 505. ASSISTANCE FOR TRAINING OF CIVILIAN PERSONNEL OF THE MINISTRY OF DEFENSE OF THE GOVERNMENT OF NICARAGUA.

Notwithstanding section 531(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2346(e)), amounts made available for fiscal years 1998 and 1999 for assistance under chapter 4 of part II of such Act (22 U.S.C. 2346; relating to the economic support fund) may be made available for assistance and training for civilian personnel of the Ministry of Defense of the Government of Nicaragua if, prior to the provision of such assistance, the Secretary of State determines and reports to the Congress that such assistance is necessary to establishing a civilian Ministry of Defense capable of effective oversight and management of the Nicaraguan armed forces and ensuring respect for civilian authority and human rights.

SEC. 506. AVAILABILITY OF AMOUNTS FOR CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY (LIBERTAD) ACT OF 1996 AND THE CUBAN DEMOCRACY ACT OF 1992.

Of the amounts made available for fiscal years 1998 and 1999 for assistance under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346; relating to the economic support fund), not less than \$2,000,000 for each such fiscal year shall be made available to carry out the programs and activities under the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6021 et seq.) and the Cuban Democracy Act of 1992 (22 U.S.C. 6001 et seq.).

CHAPTER 2—DEVELOPMENT ASSISTANCE

Subchapter A—Development Assistance Authorities

SEC. 511. AUTHORIZATION OF APPROPRIATIONS.

(a) DEVELOPMENT ASSISTANCE FUND.—The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by inserting after section 106 and before section 107A, as added by this Act, the following:

“SEC. 107. DEVELOPMENT ASSISTANCE FUND.

“(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the President to carry out sections 103 through 106, in addition to amounts otherwise available for such purposes, \$1,203,000,000 for each of the fiscal years 1998 and 1999.

“(b) ADDITIONAL USE OF AMOUNTS.—Of the amounts authorized to be appropriated under subsection (a)—

“(1) the President may use such amounts as he deems appropriate to carry out the provisions of section 316 of the International Security and Development Cooperation Act of 1980;

“(2) \$2,500,000 for fiscal year 1998 and \$4,000,000 for fiscal year 1999 may be made available to carry out section 510 of the International Security and Development Cooperation Act of 1980 (relating to the African Development Foundation) (such amounts are in addition to amounts otherwise made available to carry out section 510 of such Act); and

“(3) \$2,000,000 for fiscal year 1998 and \$7,000,000 for fiscal year 1999 may be made available to carry out section 401 of the Foreign Assistance Act of 1969 (relating to the Inter-American Foundation) (such amounts are in addition to amounts otherwise made available to carry out section 401 of such Act).

“(c) AVAILABILITY.—The amounts authorized to be appropriated under subsection (a) are authorized to remain available until expended.”.

(b) DEVELOPMENT FUND FOR AFRICA.—Section 497 of the Foreign Assistance Act of 1961 (22 U.S.C. 2294) is amended to read as follows:

“SEC. 497. AVAILABILITY OF AMOUNTS.

“(a) IN GENERAL.—Of the amounts made available to carry out sections 103 through 106 (including section 104(c)) for fiscal years 1998 and 1999, not less than \$700,000,000 for each of the fiscal years 1998 and 1999 shall be made available to carry out this chapter (in addition to amounts otherwise available for such purposes).

“(b) AVAILABILITY.—Amounts made available under subsection (a) are authorized to remain available until expended.”.

(c) ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION.—Section 498C(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2295c(a)) is amended by striking “for fiscal year 1993 \$410,000,000” and inserting “for economic assistance and related programs, \$839,900,000 for fiscal year 1998 and \$789,900,000 for fiscal year 1999”.

(d) ASSISTANCE FOR EAST EUROPEAN COUNTRIES.—

(1) IN GENERAL.—There are authorized to be appropriated to the President, in addition to amounts otherwise available for such purposes, \$471,000,000 for fiscal year 1998 and \$337,000,000 for fiscal year 1999 for economic assistance and related programs for Eastern Europe and the Baltic states under the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) and the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.).

(2) DEBT RELIEF FOR BOSNIA AND HERZEGOVINA.—Notwithstanding any other provision of law, of the amounts authorized to be appropriated for fiscal years 1998 and 1999 under paragraph (1), not more than \$5,000,000 may be made available for the cost, as defined in section 502 of the Federal Credit Reform Act of 1990, of modifying direct loans and loan guarantees for Bosnia and Herzegovina.

(3) AVAILABILITY.—Amounts authorized to be appropriated under paragraph (1) are authorized to remain available until expended.

(e) INTER-AMERICAN FOUNDATION.—Section 401(s)(2) of the Foreign Assistance Act of 1969 (22 U.S.C. 290f(s)(2)) is amended to read as follows:

“(2)(A) There are authorized to be appropriated to the President to carry out programs under this section, in addition to amounts otherwise available for such purposes, \$20,000,000 for fiscal year 1998 and \$15,000,000 for fiscal year 1999.

“(B) Amounts authorized to be appropriated under subparagraph (A) are authorized to remain available until expended.”.

(f) AFRICAN DEVELOPMENT FOUNDATION.—The first sentence of section 510 of the International Security and Development Cooperation Act of 1980 (22 U.S.C. 290h-8) is amended by striking “\$3,872,000 for fiscal year 1986 and \$3,872,000 for fiscal year 1987” and inserting “\$11,500,000 for fiscal year 1998 and \$10,000,000 for fiscal year 1999.”.

SEC. 512. CHILD SURVIVAL ACTIVITIES.

Section 104(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(c)) is amended to read as follows:

“(c) ASSISTANCE FOR CHILD SURVIVAL, HEALTH, BASIC EDUCATION FOR CHILDREN, AND DISEASE PREVENTION.—

“(1) AUTHORITY.—The President is authorized to furnish assistance, on such terms and conditions as he may determine, for child survival and health programs, including programs that address the special health and nutrition needs of children and mothers, and basic education programs for children. Assistance under this subsection may be used for the following:

“(A) Activities whose primary purpose is to reduce child morbidity and child mortality and which have a substantial, direct, and measurable impact on child morbidity and child mortality, such as—

- “(i) immunization;
- “(ii) oral rehydration;
- “(iii) activities relating to Vitamin A deficiency, iodine deficiency, and other micronutrients;
- “(iv) programs designed to reduce child malnutrition;
- “(v) programs to prevent and treat acute respiratory infections;
- “(vi) programs for the prevention, treatment, and control of, and research on, polio, malaria and other diseases primarily affecting children; and
- “(vii) programs whose primary purpose is to prevent neonatal mortality.

“(B) Other child survival activities such as—

- “(i) basic integrated health services;
- “(ii) assistance for displaced and orphaned children;

“(iii) safe water and sanitation;

“(iv) health programs, and related education programs, which primarily address the needs of mothers and children; and

“(v) related health planning and research.

“(C) Basic education programs for mothers and children.

“(D) Other disease activities such as programs for the prevention, treatment and control of, and research on, tuberculosis, HIV/AIDS, and other diseases.

“(2) PRIORITY.—Child survival activities administered by the United States Agency for International Development under this subsection shall be primarily devoted to activities of the type described in paragraph (1)(A).

“(3) APPLICATION OF OTHER AUTHORITIES.—Funds made available to carry out this subsection that are provided for countries receiving assistance under chapters 10 and 11 of part I of this Act or the Support for East European Democracy (SEED) Act of 1989, may be made available—

“(A) only for the activities described in paragraph (1); and

“(B) except to the extent inconsistent with subparagraph (A), pursuant to the authorities otherwise applicable to the provision of assistance for such countries.

“(4) INTERNATIONAL ORGANIZATIONS.—Funds made available to carry out this subsection may be used to make contributions on a grant basis to the United Nations Children’s Fund (UNICEF) pursuant to section 301 of this Act.

“(5) PVO/CHILD SURVIVAL GRANTS PROGRAM.—Of amounts made available to carry out this subsection for a fiscal year, not less than \$30,000,000 should be provided to the private and voluntary organizations under the PVO/Child Survival grants program carried out by the United States Agency for International Development.

“(6) REPORT.—The Administrator of the United States Agency for International Development shall report to Congress, as part of the congressional presentation document required under section 634 of this Act, the total amounts to be provided for activities under each subparagraph of paragraph (1).

“(7) AUTHORIZATION OF APPROPRIATIONS.—(A) In addition to amounts otherwise available for such purposes, and in addition to amounts made available under section 107, there are authorized to be appropriated to the President \$600,000,000 for each of the fiscal years 1998 and 1999 for use in carrying out this subsection.

“(B) Amounts appropriated under this paragraph are authorized to remain available until expended.

“(8) DESIGNATION OF FUND.—Appropriations pursuant to this subsection may be referred to as the ‘Child Survival and Disease Programs Fund’.”.

SEC. 513. REQUIREMENT ON ASSISTANCE TO THE RUSSIAN FEDERATION.

(a) IN GENERAL.—Of the amounts made available to carry out chapter 11 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2295 et seq.) for fiscal years 1998 and 1999, not more than \$95,000,000 for each such fiscal year may be provided to the Russian Federation unless the President determines and reports to the Congress for each such fiscal year that—

(1) the Government of the Russian Federation has terminated all official cooperation with, and transfers of goods and technology to, ballistic missile or nuclear programs in Iran, and has taken all appropriate steps to prevent cooperation with, and transfers of goods and technology to, such programs in Iran by persons and entities subject to its jurisdiction; and

(2) the Government of the Russian Federation has terminated all official cooperation with, and transfers of goods and technology to, nuclear reactor projects in Cuba, and has taken all appropriate steps to prevent cooperation with, and transfers of goods and technology to, such projects in Cuba by persons and entities subject to its jurisdiction.

(b) ADDITIONAL LIMITATION.—

(1) IN GENERAL.—Notwithstanding subsection (a), none of the funds made available to carry out chapter 11 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2295 et seq.) for fiscal years 1998 and 1999 may be made available for the Russian Federation if the Russian Federation, on or after the date of the enactment of this Act, transfers an SS-N-22 missile system to the People’s Republic of China.

(2) EXCEPTION.—Paragraph (1) shall not apply if the President determines that making such funds available is important to the national security interest of the United States. Any such determination shall cease to be effective 6

months after being made unless the President determines that its continuation is important to the national security interest of the United States.

SEC. 514. HUMANITARIAN ASSISTANCE FOR ARMENIA AND AZERBAIJAN.

(a) **SENSE OF THE CONGRESS.**—It is the sense of the Congress that the President should seek cooperation from the governments of Armenia and Azerbaijan to ensure that humanitarian assistance, including assistance delivered through nongovernmental organizations and private and voluntary organizations, shall be available to all needy citizens within Armenia and Azerbaijan, including those individuals in the region of Nagorno-Karabakh.

(b) **REPORT.**—The President shall prepare and transmit a report to the Congress on humanitarian needs throughout Armenia and Azerbaijan and the provision of assistance to meet such needs by United States and other donor organizations and states.

SEC. 515. AGRICULTURAL DEVELOPMENT AND RESEARCH ASSISTANCE.

(a) **FINDINGS.**—The Congress finds that the proportion of United States development assistance devoted to agricultural development and research has declined sharply from 17 percent in 1990 to 8 percent in 1996.

(b) **SENSE OF THE CONGRESS.**—It is the sense of the Congress that—

(1) United States investment in international agricultural development and research has been a critical part of many economic development successes;

(2) agricultural development and research advance food security, thereby reducing poverty, increasing political stability, and promoting United States exports; and

(3) the United States Agency for International Development should increase the emphasis it places on agricultural development and research and expand the role of agricultural development and research in poverty relief, child survival, and environmental programs.

SEC. 516. ACTIVITIES AND PROGRAMS IN LATIN AMERICA AND THE CARIBBEAN REGION AND THE ASIA AND THE PACIFIC REGION.

Of the amounts made available for fiscal years 1998 and 1999 for assistance under sections 103 through 106 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151a through 2151d), including assistance under section 104(c) of such Act (22 U.S.C. 2151b(c)), the amount made available for activities and programs in Latin America and the Caribbean region and the Asia and the Pacific region should be in at least the same proportion to the total amount of such assistance made available as the amount identified in the congressional presentation documents for development assistance for each of the fiscal years 1998 and 1999, respectively, for each such region is to the total amount requested for development assistance for each such fiscal year.

SEC. 517. SUPPORT FOR AGRICULTURAL DEVELOPMENT ASSISTANCE.

(a) **IN GENERAL.**—For each of the fiscal years 1998 and 1999 the President should allocate an aggregate level to programs under section 103 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151a; relating to agriculture, rural development, and nutrition) in amounts equal to the level provided to such programs in fiscal year 1997.

(b) **INCREASING LEVELS.**—If appropriations for programs under chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.; relating to development assistance) increase in fiscal year 1998 or 1999 above levels provided in fiscal year 1997, the President should allocate an increasing level for programs under section 103 of such Act (22 U.S.C. 2151a; relating to agriculture, rural development, and nutrition).

Subchapter B—Operating Expenses

SEC. 521. OPERATING EXPENSES GENERALLY.

Section 667(a)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2427(a)(1)) is amended to read as follows:

“(1) \$473,000,000 for fiscal year 1998 and \$465,000,000 for fiscal year 1999 for necessary operating expenses of the United States Agency for International Development (other than the Office of the Inspector General of such agency);”.

SEC. 522. OPERATING EXPENSES OF THE OFFICE OF THE INSPECTOR GENERAL.

Section 667(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2427(a)), as amended by this Act, is further amended—

- (1) by redesignating paragraph (2) as paragraph (3); and
- (2) by inserting after paragraph (1) the following:

“(2) \$29,047,000 for each of the fiscal years 1998 and 1999 for necessary operating expenses of the Office of the Inspector General of such agency; and”.

CHAPTER 3—URBAN AND ENVIRONMENTAL CREDIT PROGRAM

SEC. 531. URBAN AND ENVIRONMENTAL CREDIT PROGRAM.

(a) IN GENERAL.—The heading for title III of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended to read as follows:

“TITLE III—URBAN AND ENVIRONMENTAL CREDIT PROGRAM”.

(b) REPEALS.—(1) Section 222(k) of the Foreign Assistance Act of 1961 (22 U.S.C. 2182(k)) is hereby repealed.

(2) Section 222A of such Act (22 U.S.C. 2182a) is hereby repealed.

(3) Section 223(j) of such Act (22 U.S.C. 2183(j)) is hereby repealed.

CHAPTER 4—THE PEACE CORPS

SEC. 541. AUTHORIZATION OF APPROPRIATIONS.

Section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) is amended to read as follows:

“(b)(1) There are authorized to be appropriated to carry out the purposes of this Act \$222,000,000 for fiscal year 1998 and \$225,000,000 for fiscal year 1999.

“(2) Amounts authorized to be appropriated under paragraph (1)—

“(A) with respect to fiscal year 1998 are authorized to remain available until September 30, 1999; and

“(B) with respect to fiscal year 1999 are authorized to remain available until September 30, 2000.”.

SEC. 542. ACTIVITIES OF THE PEACE CORPS IN THE FORMER SOVIET UNION AND MONGOLIA.

Of the amounts made available for fiscal years 1998 and 1999 to carry out chapter 11 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2295 et seq.; relating to assistance for the independent states of the former Soviet Union), not more than \$11,000,000 for each such fiscal year shall be available for activities of the Peace Corps in the independent states of the former Soviet Union (as defined in section 3 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992) and Mongolia.

SEC. 543. AMENDMENTS TO THE PEACE CORPS ACT.

(a) TERMS AND CONDITIONS OF VOLUNTEER SERVICE.—Section 5 of the Peace Corps Act (22 U.S.C. 2504) is amended—

(1) in subsection (f)(1)(B), by striking “Civil Service Commission” and inserting “Office of Personnel Management”;

(2) in subsection (h), by striking “the Federal Voting Assistance Act of 1955” and all that follows through the end of the subsection and inserting “sections 5584 and 5732 of title 5, United States Code (and readjustment allowances paid under this Act shall be considered as pay for purposes of such section 5732), section 1 of the Act of June 4, 1920 (22 U.S.C. 214), and section 3342 of title 31, United States Code.”; and

(3) in subsection (j), by striking “section 1757 of the Revised Statutes” and all that follows through the end of the subsection and inserting “section 3331 of title 5, United States Code.”.

(b) GENERAL POWERS AND AUTHORITIES.—Section 10 of such Act (22 U.S.C. 2509) is amended—

(1) in subsection (a)(4), by striking “31 U.S.C. 665(b)” and inserting “section 1342 of title 31, United States Code”; and

(2) in subsection (a)(5), by striking “*Provided, That*” and all that follows through the end of the paragraph and inserting “; except that such individuals shall not be deemed employees for the purpose of any law administered by the Office of Personnel Management.”.

(c) UTILIZATION OF FUNDS.—Section 15 of such Act (22 U.S.C. 2514) is amended—

(1) in the first sentence of subsection (c)—

(A) by striking “Public Law 84–918 (7 U.S.C. 1881 et seq.)” and inserting “subchapter VI of chapter 33 of title 5, United States Code (5 U.S.C. 3371 et seq.)”; and

(B) by striking “specified in that Act” and inserting “or other organizations specified in section 3372(b) of such title”; and

(2) in subsection (d)—

(A) in paragraph (2), by striking “section 9 of Public Law 60–328 (31 U.S.C. 673)” and inserting “section 1346 of title 31, United States Code”;

(B) in paragraph (6), by striking “without regard to section 3561 of the Revised Statutes (31 U.S.C. 543)”;

(C) in paragraph (11)—

(i) by striking “Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.),” and inserting “Foreign Service Act of 1980 (22 U.S.C. 3901 et seq.);” and

(ii) by striking “and” at the end;

(D) in paragraph (12), by striking the period at the end and by inserting “, and”; and

(E) by adding at the end the following:

“(13) the transportation of Peace Corps employees, Peace Corps volunteers, dependents of employees and volunteers, and accompanying baggage, by a foreign air carrier when the transportation is between 2 places outside the United States without regard to section 40118 of title 49, United States Code.”

(d) PROHIBITION ON USE OF FUNDS FOR ABORTIONS.—Section 15 of such Act (22 U.S.C. 2514) is amended, as amended by this Act, is further amended by adding at the end the following new subsection:

“(e) Funds made available for the purposes of this Act may not be used to pay for abortions.”

CHAPTER 5—INTERNATIONAL DISASTER ASSISTANCE

SEC. 551. AUTHORITY TO PROVIDE RECONSTRUCTION ASSISTANCE.

Section 491 of the Foreign Assistance Act of 1961 (22 U.S.C. 2292) is amended—

(1) in subsection (a), by striking “and rehabilitation” and inserting “, rehabilitation, and reconstruction, as the case may be,”;

(2) in subsection (b), by striking “and rehabilitation” and inserting “, rehabilitation, and reconstruction”; and

(3) in subsection (c), by striking “and rehabilitation” and inserting “, rehabilitation, and reconstruction”.

SEC. 552. AUTHORIZATIONS OF APPROPRIATIONS.

Section 492(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2292a(a)) is amended in the first sentence to read as follows: “There are authorized to be appropriated to the President to carry out section 491, in addition to funds otherwise available for such purposes, \$190,000,000 for each of the fiscal years 1998 and 1999.”

CHAPTER 6—DEBT RELIEF

SEC. 561. DEBT RESTRUCTURING FOR FOREIGN ASSISTANCE.

Chapter 6 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2271 et seq.) is amended to read as follows:

“CHAPTER 6—DEBT RELIEF

“SEC. 461. SPECIAL DEBT RELIEF FOR POOR COUNTRIES.

“(a) AUTHORITY TO REDUCE DEBT.—The President may reduce amounts owed to the United States Government by a country described in subsection (b) as a result of—

“(1) loans or guarantees issued under this Act; or

“(2) credits extended or guarantees issued under the Arms Export Control Act (22 U.S.C. 2751 et seq.).

“(b) COUNTRY DESCRIBED.—A country described in this subsection is a country—

“(1) with a heavy debt burden that is eligible to borrow from the International Development Association but not from the International Bank for Reconstruction and Development (commonly referred to as an ‘IDA-only’ country);

“(2) the government of which—

“(A) does not have an excessive level of military expenditures;

“(B) has not repeatedly provided support for acts of international terrorism; and

“(C) is not failing to cooperate with the United States on international narcotics control matters;

“(3) the government (including the military or other security forces of such government) of which does not engage in a consistent pattern of gross violations of internationally recognized human rights; and

- “(4) that is not ineligible for assistance because of the application of section 527(a) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.
- “(c) LIMITATIONS.—The authority under subsection (a) may be exercised—
- “(1) only to implement multilateral official debt relief ad referendum agreements (commonly referred to as ‘Paris Club Agreed Minutes’); and
- “(2) only to the extent that appropriations for the cost of the modification, as defined in section 502 of the Congressional Budget Act of 1974, are made in advance.
- “(d) CERTAIN PROHIBITIONS INAPPLICABLE.—A reduction of debt pursuant to the exercise of authority under subsection (a)—
- “(1) shall not be considered assistance for purposes of any provision of law limiting assistance to a country; and
- “(2) may be exercised notwithstanding section 620(r) of this Act or any comparable provision of law.
- “(e) AUTHORIZATION OF APPROPRIATIONS.—
- “(1) IN GENERAL.—There are authorized to be appropriated to the President for the purpose of carrying out this section and the Foreign Operations, Export Financing, and Related Programs Supplemental Appropriations Act, 1994 (title VI of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994; Public Law 103–306) \$32,000,000 for each of the fiscal years 1998 and 1999.
- “(2) AVAILABILITY.—Amounts authorized to be appropriated under paragraph (1) are authorized to remain available until expended.”.

SEC. 562. DEBT BUYBACKS OR SALES FOR DEBT SWAPS.

Part IV of the Foreign Assistance Act of 1961 (22 U.S.C. 2430 et seq.) is amended by adding at the end the following:

“SEC. 711. AUTHORITY TO ENGAGE IN DEBT BUYBACKS OR SALES.

- “(a) LOANS ELIGIBLE FOR SALE, REDUCTION, OR CANCELLATION.—
- “(1) AUTHORITY TO SELL, REDUCE, OR CANCEL CERTAIN LOANS.—Notwithstanding any other provision of law, the President may, in accordance with this section, sell to any eligible purchaser any concessional loan or portion thereof made before January 1, 1995, pursuant to this Act, to the government of any eligible country, as defined in section 702(6), or on receipt of payment from an eligible purchaser or such eligible country, reduce or cancel such loan or portion thereof, only for the purpose of facilitating—
- “(A) debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps; or
- “(B) a debt buyback by an eligible country of its own qualified debt, only if the eligible country uses an additional amount of the local currency of the eligible country, equal to not less than 40 percent of the price paid for such debt by such eligible country, or the difference between the price paid for such debt and the face value of such debt, to support activities (i) that link conservation and sustainable use of natural resources with local community development, and (ii) for child survival and other child development activities, in a manner consistent with sections 707 through 710, if the sale, reduction, or cancellation would not contravene any term or condition of any prior agreement relating to such loan.
- “(2) TERMS AND CONDITIONS.—Notwithstanding any other provision of law, the President shall, in accordance with this section, establish the terms and conditions under which loans may be sold, reduced, or canceled pursuant to this section.
- “(3) ADMINISTRATION.—The Facility, as defined in section 702(8), shall notify the Administrator of the United States Agency for International Development of purchasers that the President has determined to be eligible, and shall direct such agency to carry out the sale, reduction, or cancellation of a loan pursuant to this section. Such agency shall make an adjustment in its accounts to reflect the sale, reduction, or cancellation.
- “(4) LIMITATION.—To the extent that appropriations for the cost of the modification, as defined in section 502 of the Congressional Budget Act of 1974, are necessary, the authorities of this subsection shall be available only where such appropriations are made in advance.
- “(b) DEPOSIT OF PROCEEDS.—The proceeds from the sale, reduction, or cancellation of any loan sold, reduced, or canceled pursuant to this section shall be deposited in an account or accounts established in the Treasury for the repayment of such loan.
- “(c) ELIGIBLE PURCHASERS.—A loan may be sold pursuant to subsection (a)(1)(A) only to a purchaser who presents plans satisfactory to the President for using the

loan for the purpose of engaging in debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

“(d) DEBTOR CONSULTATIONS.—Before the sale to any eligible purchaser, or any reduction or cancellation pursuant to this section, of any loan made to an eligible country, the President shall consult with the country concerning the amount of loans to be sold, reduced, or canceled and their uses for debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.”.

CHAPTER 7—OTHER ASSISTANCE PROVISIONS

SEC. 571. EXEMPTION FROM RESTRICTIONS ON ASSISTANCE THROUGH NONGOVERNMENTAL ORGANIZATIONS.

Section 123(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151u(e)) is amended to read as follows:

“(e)(1) Subject to paragraph (3), restrictions contained in this Act or any other provision of law with respect to assistance for a country shall not be construed to restrict assistance under this chapter, chapter 10, and chapter 11 of this part, chapter 4 of part II, or the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.), in support of programs of nongovernmental organizations.

“(2) The President shall take into consideration, in any case in which a restriction on assistance for a country would be applicable but for this subsection, whether assistance for programs of nongovernmental organizations is in the national interest of the United States.

“(3) Whenever the authority of this subsection is used to furnish assistance in support of a program of a nongovernmental organization, the President shall notify the congressional committees specified in section 634A(a) of this Act in accordance with procedures applicable to reprogramming notifications under that section. Such notification shall describe the program assisted, the assistance provided, and the reasons for furnishing such assistance.”.

SEC. 572. FUNDING REQUIREMENTS RELATING TO UNITED STATES PRIVATE AND VOLUNTARY ORGANIZATIONS.

(a) IN GENERAL.—Section 123(g) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151u(g)) is amended to read as follows:

“(g) Funds made available to carry out this chapter or chapter 10 of this part may not be made available to any United States private and voluntary organization, except any cooperative development organization, that obtains less than 20 percent of its total annual funding for its international activities from sources other than the United States Government.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to funds made available for programs of any United States private and voluntary organization on or after the date of the enactment of this Act.

SEC. 573. DOCUMENTATION REQUESTED OF PRIVATE AND VOLUNTARY ORGANIZATIONS.

Section 620 of the Foreign Assistance Act of 1961 (22 U.S.C. 2370) is amended by inserting after subsection (u) the following:

“(v) None of the funds made available to carry out this Act shall be available to any private and voluntary organization which—

“(1) fails to provide upon timely request any document, file, or record necessary to the auditing requirements of the United States Agency for International Development; or

“(2) is not registered with the United States Agency for International Development.”.

SEC. 574. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.

Section 601(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2351(a)) is amended—

(1) by striking “(a)” and inserting “(a)(1)”; and

(2) by adding the following:

“(2) To the maximum extent feasible, in providing assistance under Part I of this Act, the President should give special emphasis to programs and activities that encourage the creation and development of private enterprise and free market systems, including—

“(A) the development of private cooperatives, credit unions, labor unions, and civic and professional associations;

“(B) the reform and restructuring of banking and financial systems; and

“(C) the development and strengthening of commercial laws and regulations, including laws and regulations to protect intellectual property.”.

SEC. 575. SENSE OF THE CONGRESS RELATING TO UNITED STATES COOPERATIVES AND CREDIT UNIONS.

It is the sense of the Congress that—

(1) United States cooperatives and cooperative development organizations and credit unions can provide an opportunity for people in developing countries to participate directly in democratic decisionmaking for their economic and social benefit through ownership and control of business enterprises and through the mobilization of local capital and savings; and

(2) such organizations should be utilized in fostering democracy, free markets, community-based development, and self-help projects.

SEC. 576. FOOD ASSISTANCE TO THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA.

None of the funds made available in this division and the amendments made by this division shall be made available for assistance for food to the Democratic People's Republic of Korea unless the President certifies to the Congress that—

(1) the Government of the Republic of Korea does not oppose the delivery of United States assistance for food to the Democratic People's Republic of Korea;

(2) the United States Government is confident that previous United States assistance for food and official concessional food deliveries have not been diverted to military needs;

(3) military stocks of the Democratic People's Republic of Korea have been tapped to respond to unmet food aid needs;

(4) the World Food Program and other international food delivery organizations have been permitted to take and have taken all reasonable steps to ensure that all upcoming food aid deliveries will not be diverted from intended recipients; and

(5) the Government of the United States has directly acted to encourage, and acting through appropriate international organizations, has encouraged such organizations to urge, the Democratic People's Republic of Korea to initiate fundamental structural reforms of its agricultural sector.

SEC. 577. WITHHOLDING OF ASSISTANCE TO COUNTRIES THAT PROVIDE NUCLEAR FUEL TO CUBA.

(a) IN GENERAL.—Section 620 of the Foreign Assistance Act of 1961 (22 U.S.C. 2370), as amended by this Act, is further amended by adding at the end the following:

“(y)(1) Except as provided in paragraph (2), the President shall withhold from amounts made available under this Act or any other Act and allocated for a country for a fiscal year an amount equal to the aggregate value of nuclear fuel and related assistance and credits provided by that country, or any entity of that country, to Cuba during the preceding fiscal year.

“(2) The requirement to withhold assistance for a country for a fiscal year under paragraph (1) shall not apply if Cuba—

“(A) has ratified the Treaty on the Non-Proliferation of Nuclear Weapons (21 UST 483) or the Treaty of Tlatelco, and Cuba is in compliance with the requirements of either such Treaty;

“(B) has negotiated and is in compliance with full-scope safeguards of the International Atomic Energy Agency not later than two years after ratification by Cuba of such Treaty; and

“(C) incorporates and is in compliance with internationally accepted nuclear safety standards.

“(3) The Secretary of State shall prepare and submit to the Congress each year a report containing a description of the amount of nuclear fuel and related assistance and credits provided by any country, or any entity of a country, to Cuba during the preceding year, including the terms of each transfer of such fuel, assistance, or credits.”

(b) EFFECTIVE DATE.—Section 620(y) of the Foreign Assistance Act of 1961, as added by subsection (a), shall apply with respect to assistance provided in fiscal years beginning on or after the date of the enactment of this Act.

TITLE VI—TRADE AND DEVELOPMENT AGENCY

SEC. 601. AUTHORIZATION OF APPROPRIATIONS.

Section 661(f)(1)(A) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(f)(1)(A)) is amended to read as follows:

“(1) AUTHORIZATION.—(A) There are authorized to be appropriated for purposes of this section, in addition to funds otherwise available for such purposes, \$43,000,000 for each of the fiscal years 1998 and 1999.”.

TITLE VII—SPECIAL AUTHORITIES AND OTHER PROVISIONS

CHAPTER 1—SPECIAL AUTHORITIES

SEC. 701. ENHANCED TRANSFER AUTHORITY.

Section 610 of the Foreign Assistance Act of 1961 (22 U.S.C. 2360) is amended to read as follows:

“SEC. 610. TRANSFER BETWEEN ACCOUNTS.

“(a) GENERAL AUTHORITY.—Whenever the President determines it to be necessary for the purposes of this Act or the Arms Export Control Act (22 U.S.C. 2751 et seq.), not to exceed 20 percent of the funds made available to carry out any provision of this Act (except funds made available pursuant to title IV of chapter 2 of part I) or section 23 of the Arms Export Control Act (22 U.S.C. 2763)—

“(1) may be transferred to, and consolidated with, the funds in any other account or fund available to carry out any provision of this Act or the Arms Export Control Act; and

“(2) may be used for any purpose for which funds in that account or fund may be used.

“(b) LIMITATION ON AMOUNT OF INCREASE.—The total amount in the account or fund for the benefit of which transfer is made under subsection (a) during any fiscal year may not be increased by more than 20 percent of the amount of funds otherwise made available.

“(c) NOTIFICATION.—The President shall notify in writing the congressional committees specified in section 634A at least fifteen days in advance of each such transfer between accounts in accordance with procedures applicable to reprogramming notifications under such section.”.

SEC. 702. AUTHORITY TO MEET UNANTICIPATED CONTINGENCIES.

Paragraph (1) of section 451(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2261(a)(1)) is amended by striking “\$25,000,000” and inserting “\$50,000,000”.

SEC. 703. SPECIAL WAIVER AUTHORITY.

(a) LAWS AFFECTED.—Section 614 of the Foreign Assistance Act of 1961 (22 U.S.C. 2364) is amended by striking subsections (a)(1) and (a)(2) and inserting the following:

“(a) AUTHORITY TO AUTHORIZE ASSISTANCE, SALES, AND OTHER ACTIONS; LIMITATIONS.—(1) The President may authorize assistance, sales, or other action under this Act, the Arms Export Control Act, or any annual (or periodic) foreign assistance authorization or appropriations legislation, without regard to any of the provisions described in subsection (b), if the President determines, and notifies in writing the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate—

“(A) with respect to assistance or other actions under chapter 2 or 5 of part II of this Act, or assistance, sales, or other actions under the Arms Export Control Act, that to do so is vital to the national security interests of the United States; and

“(B) with respect to other assistance or actions that to do so is important to the national interests of the United States.

“(2) The President may waive any provision described in paragraph (1), (2), or (3) of subsection (b) that would otherwise prohibit or restrict assistance or other action under any provision of law not described in those paragraphs if the President determines, and notifies in writing the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, that to do so is important to the national interests of the United States.”.

(b) ANNUAL CEILINGS.—Section 614(a)(4) of such Act (22 U.S.C. 2364(a)(4)) is amended—

(1) in subparagraph (A)—

(A) in clause (i), by striking “\$750,000,000” and inserting “\$1,000,000,000”;

(B) in clause (ii), by striking “\$250,000,000” and inserting “\$500,000,000”;

and

(C) in clause (iii), by striking “\$100,000,000” and inserting “\$200,000,000”; and

(2) in subparagraph (C)—

(A) by striking “\$50,000,000” and inserting “\$75,000,000”; and

(B) by striking “\$1,000,000,000” and inserting “\$1,500,000,000”.

(c) LAWS WHICH MAY BE WAIVED.—Section 614 of such Act (22 U.S.C. 2364) is amended by striking subsections (b) and (c) and inserting the following:

“(b) LAWS WHICH MAY BE WAIVED.—The provisions referred to in paragraphs (1) and (2) of subsection (a) are—

“(1) the provisions of this Act;

“(2) the provisions of the Arms Export Control Act;

“(3) the provisions of any annual (or periodic) foreign assistance authorization or appropriations legislation, including any amendment made by any such Act;

“(4) any other provision of law that restricts assistance, sales or leases, or other action under the Acts referred to in paragraph (1), (2), or (3); and

“(5) any law relating to receipts and credits accruing to the United States.”.

(d) CONFORMING AMENDMENT.—Section 614(a)(4)(B) of such Act (22 U.S.C. 2364(a)(4)(B)) is amended by striking “the Arms Export Control Act or under”.

SEC. 704. TERMINATION OF ASSISTANCE.

Section 617 of the Foreign Assistance Act of 1961 (22 U.S.C. 2367) is amended to read as follows:

“SEC. 617. TERMINATION OF ASSISTANCE.

“(a) IN GENERAL.—(1) In order to ensure the effectiveness of assistance provided under this Act, notwithstanding any other provision of law, funds made available under this Act or the Arms Export Control Act to carry out any program, project, or activity of assistance shall remain available for obligation for a period not to exceed 8 months after the date of termination of such assistance for the necessary expenses of winding up such programs, projects, or activities, and funds so obligated may remain available until expended.

“(2) Funds obligated to carry out any program, project, or activity of assistance before the effective date of the termination of such assistance are authorized to be available for expenditure for the necessary expenses of winding up such programs, projects, and activities, notwithstanding any provision of law restricting the expenditure of funds, and may be reobligated to meet any other necessary expenses arising from the termination of such assistance.

“(3) The necessary expenses of winding up programs, projects, and activities of assistance include the obligation and expenditure of funds to complete the training or studies outside their countries of origin of students whose course of study or training program began before assistance was terminated.

“(b) LIABILITY TO CONTRACTORS.—For the purpose of making an equitable settlement of termination claims under extraordinary contractual relief standards, the President is authorized to adopt as a contract or other obligation of the United States Government, and assume (in whole or in part) any liabilities arising thereunder, any contract with a United States or third-country contractor to carry out any program, project, or activity of assistance under this Act that was subsequently terminated pursuant to law.

“(c) GUARANTEE PROGRAMS.—Provisions of this or any other Act requiring the termination of assistance under this Act shall not be construed to require the termination of guarantee commitments that were entered into before the effective date of the termination of assistance.”.

SEC. 705. LOCAL ASSISTANCE TO HUMAN RIGHTS GROUPS IN CUBA.

Section 109 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6039) is amended by adding at the end the following:

“(d) LOCAL ASSISTANCE.—

“(1) IN GENERAL.—For the purposes of providing assistance to independent nongovernmental organizations and individuals in Cuba as authorized by subsection (a), amounts made available under such subsection may be used for assistance to individuals and nongovernmental organizations in Cuba and for local costs incurred in delivering such assistance.

“(2) CERTIFICATION.—A certification by a representative of a United States or local nongovernmental organization, or other entity, administering assistance described in paragraph (1), that such assistance is being used for its intended purpose, shall be deemed to satisfy any accountability requirement of the United States Agency for International Development for the administration of such assistance.”.

CHAPTER 2—REPEALS

SEC. 711. REPEAL OF OBSOLETE PROVISIONS.

(a) 1987 FOREIGN ASSISTANCE APPROPRIATIONS ACT.—Section 539(g)(2) of the Foreign Assistance and Related Programs Appropriations Act, 1987, as included in Public Law 99-591, is hereby repealed.

(b) 1986 ASSISTANCE ACT.—The Special Foreign Assistance Act of 1986 is hereby repealed except for section 1, section 204, and title III of such Act.

(c) 1985 ASSISTANCE ACT.—The International Security and Development Cooperation Act of 1985 is hereby repealed except for section 1, section 131, section 132, section 502, section 504, section 505, part B of title V (other than section 558 and section 559), section 1302, section 1303, and section 1304.

(d) 1985 JORDAN SUPPLEMENTAL ACT.—The Jordan Supplemental Economic Assistance Authorization Act of 1985 is hereby repealed.

(e) 1985 AFRICAN FAMINE ACT.—The African Famine Relief and Recovery Act of 1985 is hereby repealed.

(f) 1983 ASSISTANCE ACT.—The International Security and Development Assistance Authorization Act of 1983 is hereby repealed.

(g) 1983 LEBANON ASSISTANCE ACT.—The Lebanon Emergency Assistance Act of 1983 is hereby repealed.

(h) 1981 ASSISTANCE ACT.—The International Security and Development Cooperation Act of 1981 is hereby repealed except for section 1, section 709, and section 714.

(i) 1980 ASSISTANCE ACT.—The International Security and Development Cooperation Act of 1980 is hereby repealed except for section 1, section 110, section 316, and title V.

(j) 1979 DEVELOPMENT ASSISTANCE ACT.—The International Development Cooperation Act of 1979 is hereby repealed.

(k) 1979 SECURITY ASSISTANCE ACT.—The International Security Assistance Act of 1979 is hereby repealed.

(l) 1979 SPECIAL SECURITY ASSISTANCE ACT.—The Special International Security Assistance Act of 1979 is hereby repealed.

(m) 1978 DEVELOPMENT ASSISTANCE ACT.—The International Development and Food Assistance Act of 1978 is hereby repealed, except for section 1, title IV, and section 603(a)(2).

(n) 1978 SECURITY ASSISTANCE ACT.—The International Security Assistance Act of 1978 is hereby repealed.

(o) 1977 DEVELOPMENT ASSISTANCE ACT.—The International Development and Food Assistance Act of 1977 is hereby repealed except for section 1, section 132(b), and section 133.

(p) 1977 SECURITY ASSISTANCE ACT.—The International Security Assistance Act of 1977 is hereby repealed.

(q) 1976 SECURITY ASSISTANCE ACT.—The International Security Assistance and Arms Export Control Act of 1976 is hereby repealed except for section 1, section 201(b), section 212(b), section 601, and section 608.

(r) 1975 DEVELOPMENT ASSISTANCE ACT.—The International Development and Food Assistance Act of 1975 is hereby repealed.

(s) 1975 BIB ACT.—Public Law 94-104 is hereby repealed.

(t) 1974 ASSISTANCE ACT.—The Foreign Assistance Act of 1974 is hereby repealed.

(u) 1973 EMERGENCY ASSISTANCE ACT.—The Emergency Security Assistance Act of 1973 is hereby repealed.

(v) 1973 ASSISTANCE ACT.—The Foreign Assistance Act of 1973 is hereby repealed.

(w) 1971 ASSISTANCE ACT.—The Foreign Assistance Act of 1971 is hereby repealed.

(x) 1971 SPECIAL ASSISTANCE ACT.—The Special Foreign Assistance Act of 1971 is hereby repealed.

(y) 1969 ASSISTANCE ACT.—The Foreign Assistance Act of 1969 is hereby repealed except for the first section and part IV.

(z) 1968 ASSISTANCE ACT.—The Foreign Assistance Act of 1968 is hereby repealed.

(aa) 1964 ASSISTANCE ACT.—The Foreign Assistance Act of 1964 is hereby repealed.

(bb) LATIN AMERICAN DEVELOPMENT ACT.—The Latin American Development Act is hereby repealed.

(cc) 1959 MUTUAL SECURITY ACT.—The Mutual Security Act of 1959 is hereby repealed.

(dd) 1954 MUTUAL SECURITY ACT.—Sections 402 and 417 of the Mutual Security Act of 1954 are hereby repealed.

(ee) DEPARTMENT OF STATE AUTHORIZATION ACT, FISCAL YEARS 1982 AND 1983.—Section 109 of the Department of State Authorization Act, Fiscal Years 1982 and 1983, is hereby repealed.

(ff) DEPARTMENT OF STATE AUTHORIZATION ACT, FISCAL YEARS 1984 AND 1985.—Sections 1004 and 1005(a) of the Department of State Authorization Act, Fiscal Years 1984 and 1985, are hereby repealed.

(gg) SAVINGS PROVISION.—Except as otherwise provided in this Act, the repeal by this Act of any provision of law that amended or repealed another provision of law does not affect in any way that amendment or repeal.

DIVISION B—FOREIGN RELATIONS AUTHORIZATIONS ACT

TITLE X—GENERAL PROVISIONS

SEC. 1001. SHORT TITLE.

This division may be cited as the “Foreign Relations Authorization Act, Fiscal Years 1998 and 1999” and shall be effective for all purposes as if enacted as a separate Act.

SEC. 1002. STATEMENT OF HISTORY OF LEGISLATION.

This division consists of H.R. 1253, the Foreign Relations Authorization Act, Fiscal Years 1998 and 1999, which was introduced by Representative Smith of New Jersey on April 9, 1997, and amended and reported by the Subcommittee on International Operations and Human Rights of the Committee on International Relations on April 10, 1997.

SEC. 1003. DEFINITIONS.

The following terms have the following meanings for the purposes of this division:

- (1) The term “AID” means the Agency for International Development.
- (2) The term “ACDA” means the United States Arms Control and Disarmament Agency.
- (3) The term “appropriate congressional committees” means the Committee on International Relations of the House of Representatives and the Committee of Foreign Relations of the Senate.
- (4) The term “Department” means the Department of State.
- (5) The term “Federal agency” has the meaning given to the term “agency” by section 551(1) of title 5, United States Code.
- (6) The term “Secretary” means the Secretary of State.
- (7) The term “USIA” means the United States Information Agency.

TITLE XI—AUTHORIZATION OF APPROPRIATIONS FOR DEPARTMENT OF STATE AND CERTAIN INTERNATIONAL AFFAIRS FUNCTIONS AND ACTIVITIES

SEC. 1101. ADMINISTRATION OF FOREIGN AFFAIRS.

The following amounts are authorized to be appropriated for the Department of State under “Administration of Foreign Affairs” to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and for other purposes authorized by law, including the diplomatic security program:

- (1) DIPLOMATIC AND CONSULAR PROGRAMS.—For “Diplomatic and Consular Programs”, of the Department of State \$1,291,977,000 for the fiscal year 1998 and \$1,291,977,000 for the fiscal year 1999.

- (2) SALARIES AND EXPENSES.—

- (A) AUTHORIZATION OF APPROPRIATIONS.—For “Salaries and Expenses”, of the Department of State \$363,513,000 for the fiscal year 1998 and \$363,513,000 for the fiscal year 1999.

- (B) LIMITATIONS.—Of the amounts authorized to be appropriated by subparagraph (A) \$2,000,000 for fiscal year 1998 and \$2,000,000 for fiscal year 1999 are authorized to be appropriated only for the recruitment of minorities for careers in the Foreign Service and international affairs.

(3) CAPITAL INVESTMENT FUND.—For “Capital Investment Fund”, of the Department of State \$64,600,000 for the fiscal year 1998 and \$64,600,000 for the fiscal year 1999.

(4) SECURITY AND MAINTENANCE OF BUILDINGS ABROAD.—For “Security and Maintenance of Buildings Abroad”, \$373,081,000 for the fiscal year 1998 and \$373,081,000 for the fiscal year 1999.

(5) REPRESENTATION ALLOWANCES.—For “Representation Allowances”, \$4,300,000 for the fiscal year 1998 and \$4,300,000 for the fiscal year 1999.

(6) EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE.—For “Emergencies in the Diplomatic and Consular Service”, \$5,500,000 for the fiscal 1998 and \$5,500,000 for the fiscal year 1999.

(7) OFFICE OF THE INSPECTOR GENERAL.—For “Office of the Inspector General”, \$28,300,000 for the fiscal year 1998 and \$28,300,000 for the fiscal year 1999.

(8) PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN.—For “Payment to the American Institute in Taiwan”, \$14,490,000 for the fiscal year 1998 and \$14,490,000 for the fiscal year 1999.

(9) PROTECTION OF FOREIGN MISSIONS AND OFFICIALS.—For “Protection of Foreign Missions and Officials”, \$7,900,000 for the fiscal year 1998 and \$7,900,000 for the fiscal year 1999.

(10) REPATRIATION LOANS.—For “Repatriation Loans”, \$1,200,000 for the fiscal year 1998 and \$1,200,000 for the fiscal year 1999, for administrative expenses.

SEC. 1102. INTERNATIONAL ORGANIZATIONS, PROGRAMS, AND CONFERENCES.

(a) ASSESSED CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS.—There are authorized to be appropriated for “Contributions to International Organizations”, \$960,389,000 for the fiscal year 1998 and \$987,590,000 for the fiscal year 1999 for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States with respect to international organizations and to carry out other authorities in law consistent with such purposes.

(b) VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for “Voluntary Contributions to International Organizations”, \$199,725,000 for the fiscal year 1998 and \$199,725,000 for the fiscal year 1999.

(2) LIMITATIONS.—

(A) WORLD FOOD PROGRAM.—Of the amounts authorized to be appropriated under paragraph (1), \$5,000,000 for the fiscal year 1998 and \$5,000,000 for the fiscal year 1999 are authorized to be appropriated only for a United States contribution to the World Food Program.

(B) UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE.—Of the amount authorized to be appropriated under paragraph (1), \$3,000,000 for the fiscal year 1998 and \$3,000,000 for the fiscal year 1999 are authorized to be appropriated only for a United States contribution to the United Nations Voluntary Fund for Victims of Torture.

(C) INTERNATIONAL PROGRAM ON THE ELIMINATION OF CHILD LABOR.—Of the amounts authorized to be appropriated under paragraph (1), \$10,000,000 for the fiscal year 1998 and \$10,000,000 for the fiscal year 1999 are authorized to be appropriated only for a United States contribution to the International Labor Organization for the activities of the International Program on the Elimination of Child Labor.

(3) AVAILABILITY OF FUNDS.—Amounts authorized to be appropriated under paragraph (1) are authorized to remain available until expended.

(c) ASSESSED CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES.—There are authorized to be appropriated for “Contributions for International Peacekeeping Activities”, \$240,000,000 for the fiscal year 1998 and \$240,000,000 for the fiscal year 1999 for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States with respect to international peacekeeping activities and to carry out other authorities in law consistent with such purposes.

(d) VOLUNTARY CONTRIBUTIONS TO PEACEKEEPING OPERATIONS.—There are authorized to be appropriated for “Peacekeeping Operations”, \$87,600,000 for the fiscal year 1998 and \$67,000,000 for the fiscal year 1999 for the Department of State to carry out section 551 of Public Law 87–195.

(e) INTERNATIONAL CONFERENCES AND CONTINGENCIES.—There are authorized to be appropriated for “International Conferences and Contingencies”, \$3,000,000 for the fiscal year 1998 and \$3,000,000 for the fiscal year 1999 for the Department of State to carry out the authorities, functions, duties, and responsibilities in the con-

duct of the foreign affairs of the United States with respect to international conferences and contingencies and to carry out other authorities in law consistent with such purposes.

(f) FOREIGN CURRENCY EXCHANGE RATES.—In addition to amounts otherwise authorized to be appropriated by subsections (a) and (b) of this section, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 and 1999 to offset adverse fluctuations in foreign currency exchange rates. Amounts appropriated under this subsection shall be available for obligation and expenditure only to the extent that the Director of the Office of Management and Budget determines and certifies to Congress that such amounts are necessary due to such fluctuations.

(g) LIMITATION ON UNITED STATES VOLUNTARY CONTRIBUTIONS TO UNITED NATIONS DEVELOPMENT PROGRAM.—

(1) Of the amounts made available for fiscal years 1998 and 1999 for United States voluntary contributions to the United Nations Development Program an amount equal to the amount the United Nations Development Program will spend in Burma during each fiscal year shall be withheld unless during such fiscal year, the President submits to the appropriate congressional committees the certification described in paragraph (2).

(2) The certification referred to in paragraph (1) is a certification by the President that all programs and activities of the United Nations Development Program (including United Nations Development Program—Administered Funds) in Burma—

(A) are focused on eliminating human suffering and addressing the needs of the poor;

(B) are undertaken only through international or private voluntary organizations that have been deemed independent of the State Law and Order Restoration Council (SLORC), after consultation with the leadership of the National League for Democracy and the leadership of the National Coalition Government of the Union of Burma;

(C) provide no financial, political, or military benefit to the SLORC; and

(D) are carried out only after consultation with the leadership of the National League for Democracy and the leadership of the National Coalition Government of the Union of Burma.

SEC. 1103. INTERNATIONAL COMMISSIONS.

The following amounts are authorized to be appropriated under “International Commissions” for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and for other purposes authorized by law:

(1) INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO.—For “International Boundary and Water Commission, United States and Mexico”—

(A) for “Salaries and Expenses” \$18,490,000 for the fiscal year 1998 and \$18,490,000 for the fiscal year 1999; and

(B) for “Construction” \$6,493,000 for the fiscal year 1998 and \$6,493,000 for the fiscal year 1999.

(2) INTERNATIONAL BOUNDARY COMMISSION, UNITED STATES AND CANADA.—For “International Boundary Commission, United States and Canada”, \$785,000 for the fiscal year 1998 and \$785,000 for the fiscal year 1999.

(3) INTERNATIONAL JOINT COMMISSION.—For “International Joint Commission”, \$3,225,000 for the fiscal year 1998 and \$3,225,000 for the fiscal year 1999.

(4) INTERNATIONAL FISHERIES COMMISSIONS.—For “International Fisheries Commissions”, \$14,549,000 for the fiscal year 1998 and \$14,549,000 for the fiscal year 1999.

SEC. 1104. MIGRATION AND REFUGEE ASSISTANCE.

(a) MIGRATION AND REFUGEE ASSISTANCE.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for “Migration and Refugee Assistance” for authorized activities, \$623,000,000 for the fiscal year 1998 and \$623,000,000 for the fiscal year 1999.

(2) LIMITATION REGARDING TIBETAN REFUGEES IN INDIA AND NEPAL.—Of the amounts authorized to be appropriated in paragraph (1), \$1,000,000 for the fiscal year 1998 and \$1,000,000 for the fiscal year 1999 are authorized to be available only for humanitarian assistance, including but not limited to food, medicine, clothing, and medical and vocational training, to Tibetan refugees in India and Nepal who have fled Chinese-occupied Tibet.

(b) REFUGEES RESETTLING IN ISRAEL.—There are authorized to be appropriated \$80,000,000 for the fiscal year 1998 and \$80,000,000 for the fiscal year 1999 for assistance for refugees resettling in Israel from other countries.

(c) HUMANITARIAN ASSISTANCE FOR DISPLACED BURMESE.—There are authorized to be appropriated \$1,500,000 for the fiscal year 1998 and \$1,500,000 for the fiscal year 1999 for humanitarian assistance, including but not limited to food, medicine, clothing, and medical and vocational training, to persons displaced as a result of civil conflict in Burma, including persons still within Burma.

(d) AVAILABILITY OF FUNDS.—Funds appropriated pursuant to this section are authorized to be available until expended.

SEC. 1105. ASIA FOUNDATION.

There are authorized to be appropriated for “Asia Foundation”, \$10,000,000 for the fiscal year 1998 and \$10,000,000 for the fiscal year 1999 for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States with respect to Asia Foundation and to carry out other authorities in law consistent with such purposes.

SEC. 1106. UNITED STATES INFORMATIONAL, EDUCATIONAL, AND CULTURAL PROGRAMS.

The following amounts are authorized to be appropriated to carry out international information activities and educational and cultural exchange programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, Reorganization Plan Number 2 of 1977, the United States International Broadcasting Act of 1994, the Radio Broadcasting to Cuba Act, the Television Broadcasting to Cuba Act, the Board for International Broadcasting Act, the North/South Center Act of 1991, the National Endowment for Democracy Act, and to carry out other authorities in law consistent with such purposes:

(1) SALARIES AND EXPENSES.—For “Salaries and Expenses”, \$434,097,000 for the fiscal year 1998 and \$434,097,000 for the fiscal year 1999.

(2) TECHNOLOGY FUND.—For “Technology Fund” for the United States Information Agency, \$6,350,000 for the fiscal year 1998 and \$6,350,000 for the fiscal year 1999.

(3) EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS.—

(A) FULBRIGHT ACADEMIC EXCHANGE PROGRAMS.—For the “Fulbright Academic Exchange Programs”, \$94,236,000 for the fiscal year 1998 and \$94,236,000 for the fiscal year 1999.

(B) SOUTH PACIFIC EXCHANGES.—For the “South Pacific Exchanges”, \$500,000 for the fiscal year 1998 and \$500,000 for the fiscal year 1999.

(C) EAST TIMORESE SCHOLARSHIPS.—For the “East Timorese Scholarships”, \$500,000 for the fiscal year 1998 and \$500,000 for the fiscal year 1999.

(D) TIBETAN EXCHANGES.—For the “Educational and Cultural Exchanges with Tibet” under section 236 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236), \$500,000 for the fiscal year 1998 and \$500,000 for the fiscal year 1999.

(E) OTHER PROGRAMS.—For “Hubert H. Humphrey Fellowship Program”, “Edmund S. Muskie Fellowship Program”, “International Visitors Program”, “Mike Mansfield Fellowship Program”, “Claude and Mildred Pepper Scholarship Program of the Washington Workshops Foundation”, “Citizen Exchange Programs”, “Congress-Bundestag Exchange Program”, “Newly Independent States and Eastern Europe Training”, and “Institute for Representative Government”, \$97,995,000 for the fiscal year 1998 and \$97,995,000 for the fiscal year 1999.

(4) INTERNATIONAL BROADCASTING ACTIVITIES.—

(A) AUTHORIZATION OF APPROPRIATIONS.—For “International Broadcasting Activities”, \$334,655,000 for the fiscal year 1998, and \$334,655,000 for the fiscal year 1999.

(B) ALLOCATION.—Of the amounts authorized to be appropriated under subparagraph (A), the Director of the United States Information Agency and the Board of Broadcasting Governors shall seek to ensure that the amounts made available for broadcasting to nations whose people do not fully enjoy freedom of expression do not decline in proportion to the amounts made available for broadcasting to other nations.

(5) RADIO CONSTRUCTION.—For “Radio Construction”, \$30,000,000 for the fiscal year 1998, and \$30,000,000 for the fiscal year 1999.

(6) RADIO FREE ASIA.—For “Radio Free Asia”, \$10,000,000 for the fiscal year 1998 and \$10,000,000 for the fiscal year 1999.

(7) BROADCASTING TO CUBA.—For “Broadcasting to Cuba”, \$22,095,000 for the fiscal year 1998 and \$22,095,000 for the fiscal year 1999.

(8) CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST.—For “Center for Cultural and Technical Interchange between East and West”, \$10,000,000 for the fiscal year 1998 and \$10,000,000 for the fiscal year 1999.

(9) NATIONAL ENDOWMENT FOR DEMOCRACY.—For “National Endowment for Democracy”, \$30,000,000 for the fiscal year 1998 and \$30,000,000 for the fiscal year 1999.

(10) CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN NORTH AND SOUTH.—For “Center for Cultural and Technical Interchange between North and South”, \$2,000,000 for the fiscal year 1998 and \$2,000,000 for the fiscal year 1999.

SEC. 1107. UNITED STATES ARMS CONTROL AND DISARMAMENT.

There are authorized to be appropriated to carry out the purposes of the Arms Control and Disarmament Act—

(1) \$44,000,000 for the fiscal year 1998 and \$44,000,000 for the fiscal year 1999; and

(2) such sums as may be necessary for each of the fiscal years 1998 and 1999 for increases in salary, pay, retirement, other employee benefits authorized by law, and to offset adverse fluctuations in foreign currency exchange rates.

TITLE XII—DEPARTMENT OF STATE AUTHORITIES AND ACTIVITIES

CHAPTER 1—AUTHORITIES AND ACTIVITIES

SEC. 1201. REVISION OF DEPARTMENT OF STATE REWARDS PROGRAM.

(a) IN GENERAL.—Section 36 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2708) is amended to read as follows:

“SEC. 36. DEPARTMENT OF STATE REWARDS PROGRAM.

“(a) ESTABLISHMENT.—(1) There is established a program for the payment of rewards to carry out the purposes of this section.

“(2) The rewards program established by this section shall be administered by the Secretary of State, in consultation, where appropriate, with the Attorney General.

“(b) PURPOSE.—(1) The rewards program established by this section shall be designed to assist in the prevention of acts of international terrorism, international narcotics trafficking, and other related criminal acts.

“(2) At the sole discretion of the Secretary of State and in consultation, as appropriate, with the Attorney General, the Secretary may pay a reward to any individual who furnishes information leading to—

“(A) the arrest or conviction in any country of any individual for the commission of an act of international terrorism against a United States person or United States property;

“(B) the arrest or conviction in any country of any individual conspiring or attempting to commit an act of international terrorism against a United States person or United States property;

“(C) the arrest or conviction in any country of any individual for committing, primarily outside the territorial jurisdiction of the United States, any narcotics-related offense if that offense involves or is a significant part of conduct that involves—

“(i) a violation of United States narcotics laws and which is such that the individual would be a major violator of such laws; or

“(ii) the killing or kidnapping of—

“(I) any officer, employee, or contract employee of the United States Government while such individual is engaged in official duties, or on account of that individual’s official duties, in connection with the enforcement of United States narcotics laws or the implementing of United States narcotics control objectives; or

“(II) a member of the immediate family of any such individual on account of that individual’s official duties, in connection with the enforcement of United States narcotics laws or the implementing of United States narcotics control objectives; or

“(iii) an attempt or conspiracy to commit any of the acts described in clause (i) or (ii); or

“(D) the arrest or conviction in any country of any individual aiding or abetting in the commission of an act described in subparagraphs (A) through (C); or

“(E) the prevention, frustration, or favorable resolution of an act described in subparagraphs (A) through (C).

“(c) COORDINATION.—(1) To ensure that the payment of rewards pursuant to this section does not duplicate or interfere with the payment of informants or the obtaining of evidence or information, as authorized to the Department of Justice, the offering, administration, and payment of rewards under this section, including procedures for—

“(A) identifying individuals, organizations, and offenses with respect to which rewards will be offered;

“(B) the publication of rewards;

“(C) offering of joint rewards with foreign governments;

“(D) the receipt and analysis of data; and

“(E) the payment and approval of payment

shall be governed by procedures developed by the Secretary of State, in consultation with the Attorney General.

“(2) Before making a reward under this section in a matter over which there is Federal criminal jurisdiction, the Secretary of State shall advise and consult with the Attorney General.

“(d) FUNDING.—(1) There is authorized to be appropriated to the Department of State from time to time such amounts as may be necessary to carry out the purposes of this section, notwithstanding section 102 of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (Public Law 99-93).

“(2) No amount of funds may be appropriated which, when added to the amounts previously appropriated but not yet obligated, would cause such amounts to exceed \$15,000,000.

“(3) To the maximum extent practicable, funds made available to carry out this section should be distributed equally for the purpose of preventing acts of international terrorism and for the purpose of preventing international narcotics trafficking.

“(4) Amounts appropriated to carry out the purposes of this section shall remain available until expended.

“(e) LIMITATION AND CERTIFICATION.—(1) A reward under this section may not exceed \$2,000,000.

“(2) A reward under this section of more than \$100,000 may not be made without the approval of the President or the Secretary of State.

“(3) Any reward granted under this section shall be approved and certified for payment by the Secretary of State.

“(4) The authority of paragraph (2) may not be delegated to any other officer or employee of the United States Government.

“(5) If the Secretary determines that the identity of the recipient of a reward or of the members of the recipient’s immediate family must be protected, the Secretary may take such measures in connection with the payment of the reward as he considers necessary to effect such protection.

“(f) INELIGIBILITY.—An officer or employee of any governmental entity who, while in the performance of his or her official duties, furnishes information described in subsection (b) shall not be eligible for a reward under this section.

“(g) REPORTS.—(1) Not later than 30 days after paying any reward under this section, the Secretary of State shall submit a report to the appropriate congressional committees with respect to such reward. The report, which may be submitted on a classified basis if necessary, shall specify the amount of the reward paid, to whom the reward was paid, and the acts with respect to which the reward was paid. The report shall also discuss the significance of the information for which the reward was paid in dealing with those acts.

“(2) Not later than 60 days after the end of each fiscal year, the Secretary of State shall submit an annual report to the appropriate congressional committees with respect to the operation of the rewards program authorized by this section. Such report shall provide information on the total amounts expended during such fiscal year to carry out the purposes of this section, including amounts spent to publicize the availability of rewards.

“(h) PUBLICATION REGARDING REWARDS OFFERED BY FOREIGN GOVERNMENTS.—Notwithstanding any other provision of this section, at the sole discretion of the Secretary of State the resources of the rewards program authorized by this section, shall be available for the publication of rewards offered by foreign governments regarding acts of international terrorism which do not involve United States persons or property or a violation of the narcotics laws of the United States.

“(i) DEFINITIONS.—As used in this section—

“(1) the term ‘appropriate congressional committees’ means the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate;

“(2) the term ‘act of international terrorism’ includes, but is not limited to—

“(A) any act substantially contributing to the acquisition of unsafeguarded special nuclear material (as defined in section 830(8) of the Nuclear Proliferation Prevention Act of 1994) or any nuclear explosive device (as defined in section 830(4) of that Act) by an individual, group, or non-nuclear weapon state (as defined in section 830(5) of that Act); and

“(B) any act, as determined by the Secretary of State, which materially supports the conduct of international terrorism, including the counterfeiting of United States currency or the illegal use of other monetary instruments by an individual, group, or country supporting international terrorism as determined for purposes of section 6(j) of the Export Administration Act of 1979;

“(3) the term ‘United States narcotics laws’ means the laws of the United States for the prevention and control of illicit traffic in controlled substances (as such term is defined for purposes of the Controlled Substances Act); and

“(4) the term ‘member of the immediate family’ includes—

“(A) a spouse, parent, brother, sister, or child of the individual;

“(B) a person to whom the individual stands in loco parentis; and

“(C) any other person living in the individual’s household and related to the individual by blood or marriage.

“(j) DETERMINATIONS OF THE SECRETARY.—A determination made by the Secretary of State under this section shall be final and conclusive and shall not be subject to judicial review.”.

(b) USE OF EARNINGS FROM FROZEN ASSETS FOR PROGRAM.—

(1) AMOUNTS TO BE MADE AVAILABLE.—Up to 2 percent of the earnings accruing, during periods beginning October 1, 1998, on all assets of foreign countries blocked by the President pursuant to the International Emergency Powers Act (50 U.S.C. 1701 and following) shall be available, subject to appropriations Acts, to carry out section 36 of the State Department Basic Authorities Act, as amended by this section, except that the limitation contained in subsection (d)(2) of such section shall not apply to amounts made available under this paragraph.

(2) CONTROL OF FUNDS BY THE PRESIDENT.—The President is authorized and directed to take possession and exercise full control of so much of the earnings described in paragraph (1) as are made available under such paragraph.

SEC. 1202. FOREIGN SERVICE NATIONAL SEPARATION LIABILITY TRUST FUND.

Section 151 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 4012a) is amended by adding at the end the following new subsection:

“(e) INTEREST.—The Secretary of the Treasury shall deposit amounts in the fund in interest-bearing accounts. Any interest earned on such deposits may be credited to the fund without further appropriation.”.

SEC. 1203. CAPITAL INVESTMENT FUND.

Section 135 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 2684a) is amended—

(1) in subsection (a) by inserting “and enhancement” after “procurement”;

(2) in subsection (c) by striking “are authorized to” and inserting “shall”;

(3) in subsection (d) by striking “for expenditure to procure capital equipment and information technology” and inserting in lieu thereof “for purposes of subsection (a)”;

(4) by amending subsection (e) to read as follows:

“(e) REPROGRAMMING PROCEDURES.—Funds credited to the Capital Investment Fund shall not be available for obligation or expenditure except in compliance with the procedures applicable to reprogrammings under section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2710).”.

SEC. 1204. INTERNATIONAL CENTER RESERVE FUNDS.

Section 5 of the International Center Act (Public Law 90–553) is amended by adding at the end the following new sentence: “Amounts in the reserve may be deposited in interest-bearing accounts and the Secretary may retain for the purposes set forth in this section any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation.”.

SEC. 1205. PROCEEDS OF SALE OF FOREIGN PROPERTIES.

Section 9 of the Foreign Service Buildings Act, 1926 (22 U.S.C. 300) is amended by adding at the end the following new subsection:

“(d) Any proceeds held or deposited pursuant to this section may be deposited in interest bearing accounts. The Secretary of State may retain interest earned on such deposits for the purposes of this section without returning such interest to the Treasury of the United States and interest earned may be obligated and expended without further appropriation.”

SEC. 1206. REDUCTION OF REPORTING.

(a) REPORT ON FOREIGN SERVICE PERSONNEL IN EACH AGENCY.—Section 601(c)(4) of the Foreign Service Act of 1980 (22 U.S.C. 4001(c)(4)) is repealed.

(b) REPORT ON PARTICIPATION BY U.S. MILITARY PERSONNEL ABROAD IN U.S. ELECTIONS.—Section 101(b)(6) of the Uniformed and Overseas Citizens Absentee Voting Act (42 U.S.C. 1973ff(b)(6)) is amended by striking “of voter participation” and inserting “of uniformed services voter participation, a general assessment of overseas nonmilitary participation.”

(c) COUNTRY REPORTS ON ECONOMIC POLICY AND TRADE PRACTICES.—Section 2202 of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4711) is repealed.

(d) ANNUAL REPORT ON SOCIAL AND ECONOMIC GROWTH.—Section 574 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1996 (Public Law 104–107) is repealed.

(e) REPORT.—Section 308 of the Chemical and Biological Weapons and Warfare Elimination Act of 1991 (22 U.S.C. 5606) is repealed.

SEC. 1207. CONTRACTING FOR LOCAL GUARDS SERVICES OVERSEAS.

Section 136(c) of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991 (22 U.S.C. 4864(c)) is amended—

(1) by amending paragraph (3) to read as follows:

“(3) in evaluating proposals for such contracts, award contracts to the technically acceptable firm offering the lowest evaluated price, except that proposals of United States persons and qualified United States joint venture persons (as defined in subsection (d)) shall be evaluated by reducing the bid price by 5 percent;”;

(2) by inserting “and” at the end of paragraph (5);

(3) by striking “; and” at the end of paragraph (6) and inserting a period; and

(4) by striking paragraph (7).

SEC. 1208. PREADJUDICATION OF CLAIMS.

Section 4(a) of the International Claims Settlement Act (22 U.S.C. 1623(a)) is amended—

(1) in the first sentence by striking “1948, or” and inserting “1948;”;

(2) by inserting before the period at the end of the first sentence “; or included in a category of claims against a foreign government which is referred to the Commission by the Secretary of State”; and

(3) in paragraph (1) by striking “the applicable” and inserting “any applicable”.

SEC. 1209. EXPENSES RELATING TO CERTAIN INTERNATIONAL CLAIMS AND PROCEEDINGS.

(a) RECOVERY OF CERTAIN EXPENSES.—The Department of State Appropriation Act of 1937 (49 Stat. 1321, 22 U.S.C. 2661) is amended in the fifth undesignated paragraph under the heading entitled “INTERNATIONAL FISHERIES COMMISSION” by striking “extraordinary”.

(b) PROCUREMENT OF SERVICES.—Section 38(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2710(c)) is amended in the first sentence by inserting “personal and” before “other support services”.

SEC. 1210. ESTABLISHMENT OF FEE ACCOUNT AND PROVIDING FOR PASSPORT INFORMATION SERVICES.

(a) DISPOSITION OF FEES.—Amounts collected by the Department of State pursuant to section 281 of the Immigration and Nationality Act (8 U.S.C. 1351), section 1 of the Passport Act of June 4, 1920 (22 U.S.C. 214), section 16 of the Act of August 18, 1856 (22 U.S.C. 4219), and section 9701 of title 31, United States Code, shall be deposited in a special fund of the Treasury.

(b) USE OF FUNDS.—Subject to subsections (d) and (e), amounts collected and deposited in the special fund in the Treasury pursuant to subsection (a) shall be available to the extent and in such amounts as are provided in advance in appropriations Acts for the following purposes:

(1) To pay all necessary expenses of the Department of State and the Foreign Service, including expenses authorized by the State Department Basic Authorities Act of 1956.

(2) Representation to certain international organizations in which the United States participates pursuant to treaties ratified pursuant to the advice and consent of the Senate or specific Acts of Congress.

(3) Acquisition by exchange or purchase of passenger motor vehicles as authorized by section 1343 of title 31, United States Code, section 201(c) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(c)), and section 7 of the State Department Basic Authorities Act (22 U.S.C. 2674).

(4) Expenses of general administration of the Department of State.

(5) To carry out the Foreign Service Buildings Act of 1926 (22 U.S.C. 292–300) and the Diplomatic Security Construction Program as authorized by title IV of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22 U.S.C. 4851).

(c) AVAILABILITY OF FUNDS.—Amounts collected and deposited in the special fund pursuant to subsection (a) are authorized to remain available until expended.

(d) LIMITATION.—For any fiscal year, any amount deposited in the special fund under subsection (a) that exceeds \$455,000,000 is authorized to be made available only if a notification is submitted in compliance with the procedures applicable to a reprogramming of funds under section 34 of the State Department Basic Authorities Act of 1956.

(e) PASSPORT INFORMATION SERVICES.—For each of the fiscal years 1998 and 1999, \$5,000,000 of the amounts available in the fund shall be available only for the purpose of providing passport information without charge to citizens of the United States, including—

(1) information about who is eligible to receive a United States passport and how and where to apply;

(2) information about the status of pending applications; and

(3) names, addresses, and telephone numbers of State and Federal officials who are authorized to provide passport information in cooperation with the Department of State.

SEC. 1211. ESTABLISHMENT OF MACHINE READABLE FEE ACCOUNT.

Section 140(a) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236) is amended—

(1) by redesignating paragraph (4) as paragraph (6);

(2) by striking paragraph (5);

(3) by striking paragraphs (2) and (3) and inserting the following:

“(2) Amounts collected under the authority of paragraph (1) shall be deposited in a special fund of the Treasury.

“(3) Subject to paragraph (5), fees deposited in the special fund pursuant to paragraph (2) shall be available to the extent and in such amounts as are provided in advance in appropriations Acts for costs of the Department of State’s border security program, including the costs of—

“(A) installation and operation of the machine readable visa and automated name-check process;

“(B) improving the quality and security of the United States passport;

“(C) passport and visa fraud investigations; and

“(D) the technological infrastructure to support and operate the programs referred to in subparagraphs (A) through (C).

“(4) Amounts deposited pursuant to paragraph (2) shall remain available for obligation until expended.

“(5) For any fiscal year, any amount collected pursuant to the authority of paragraph (1) that exceeds \$140,000,000 is authorized to be made available only if a notification is submitted in compliance with the procedures applicable to a reprogramming of funds under section 34 of the State Department Basic Authorities Act of 1956.”

SEC. 1212. RETENTION OF ADDITIONAL DEFENSE TRADE CONTROLS REGISTRATION FEES.

Section 45(a) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2717(a)) is amended—

(1) by striking “\$700,000 of the” and inserting “all”;

(2) at the end of paragraph (1) by striking “and”;

(3) in paragraph (2)—

(A) by striking “functions” and inserting “functions, including compliance and enforcement activities,”; and

(B) by striking the period at the end and inserting “; and”; and

(4) by adding at the end the following new paragraph (3):

“(3) the enhancement of defense trade export compliance and enforcement activities to include compliance audits of United States and foreign parties, the conduct of administrative proceedings, end-use monitoring of direct commercial arms sales and transfer, and cooperation in criminal proceedings related to defense trade export controls.”

SEC. 1213. TRAINING.

(a) INSTITUTE FOR TRAINING.—Section 701 of the Foreign Service Act of 1980 (22 U.S.C. 4021) is amended—

- (1) by redesignating subsection (d)(4) as subsection (g); and
- (2) by inserting after paragraph (3) of subsection (d) the following new subsections:

“(e)(1) The Secretary of State may, in the discretion of the Secretary, provide appropriate training and related services through the institution to employees of United States companies engaged in business abroad, and to the families of such employees.

“(2) In the case of any company under contract to provide services to the Department of State, the Secretary of State is authorized to provide job-related training and related services to any company employee who is performing such services.

“(3) Training under this subsection shall be on a reimbursable or advance-of-funds basis. Such reimbursements or advances shall be credited to the currently available applicable appropriation account.

“(4) Training and related services under this subsection is authorized only to the extent that it will not interfere with the institution’s primary mission of training employees of the Department and of other agencies in the field of foreign relations.

“(f)(1) The Secretary of State is authorized to provide on a reimbursable basis training programs to Members of Congress or the judiciary.

“(2) Congressional staff members and employees of the judiciary may participate on a reimbursable, space-available basis in training programs offered by the institution.

“(3) Reimbursements collected under this subsection shall be credited to the currently available applicable appropriation account.

“(4) Training under this subsection is authorized only to the extent that it will not interfere with the institution’s primary mission of training employees of the Department of State and of other agencies in the field of foreign relations.”

(b) FEES FOR USE OF NATIONAL FOREIGN AFFAIRS TRAINING CENTER.—The State Department Basic Authorities Act of 1956 (22 U.S.C. 2669 et seq.) is amended by adding after section 52 the following new section:

“SEC. 53. FEES FOR USE OF THE NATIONAL FOREIGN AFFAIRS TRAINING CENTER.

“The Secretary is authorized to charge a fee for use of the National Foreign Affairs Training Center Facility of the Department of State. Funds collected under the authority of this section, including reimbursements, surcharges, and fees, shall be deposited as an offsetting collection to any Department of State appropriation to recover the costs of such use and shall remain available for obligation until expended.”

SEC. 1214. RECOVERY OF COSTS OF HEALTH CARE SERVICES.

(a) AUTHORITIES.—Section 904 of the Foreign Service Act of 1980 (22 U.S.C. 4084) is amended—

- (1) in subsection (a)—
 - (A) by striking “and” after “employees,” and
 - (B) by inserting before the period “, and (for care provided abroad) such other persons as are designated by the Secretary of State”;
- (2) in subsection (d), by inserting “subject to subsections (g) through (i)” before “the Secretary”; and
- (3) by adding at the end the following new subsections:

“(g)(1)(A) In the case of a covered beneficiary who is provided health care under this section and who is enrolled in a covered health benefits plan of a third-party payer, the United States shall have the right to collect from the third-party payer a reasonable charge amount for the care to the extent that the payment would be made under such plan for such care under the conditions specified in paragraph (2) if a claim were submitted by or on behalf of the covered beneficiary.

“(B) Such a covered beneficiary is not required to pay any deductible, copayment, or other cost-sharing under the covered health benefits plan or under this section for health care provided under this section.

“(2) With respect to health care provided under this section to a covered beneficiary, for purposes of carrying out paragraph (1)—

“(A) the reasonable charge amount (as defined in paragraph (9)(C)) shall be treated by the third-party payer as the payment basis otherwise allowable for the care under the plan;

“(B) under regulations, if the covered health benefits plan restricts or differentiates in benefit payments based on whether a provider of health care has a participation agreement with the third-party payer, the Secretary shall be treated as having such an agreement as results in the highest level of payment under this subsection;

“(C) no provision of the health benefit plan having the effect of excluding from coverage or limiting payment of charges for certain care shall operate to prevent collection under subsection (a), including (but not limited to) any provision that limits coverage or payment on the basis that—

“(i) the care was provided outside the United States,

“(ii) the care was provided by a governmental entity,

“(iii) the covered beneficiary (or any other person) has no obligation to pay for the care,

“(iv) the provider of the care is not licensed to provide the care in the United States or other location,

“(v) a condition of coverage relating to utilization review, prior authorization, or similar utilization control has not been met, or

“(vi) in the case that drugs were provided, the provision of the drugs for any indicated purpose has not been approved by the Federal Food, Drug, and Cosmetic Administration;

“(D) if the covered health benefits plan contains a requirement for payment of a deductible, copayment, or similar cost-sharing by the beneficiary—

“(i) the beneficiary’s not having paid such cost-sharing with respect to the care shall not preclude collection under this section, and

“(ii) the amount the United States may collect under this section shall be reduced by application of the appropriate cost-sharing;

“(E) amounts that would be payable by the third-party payer under this section but for the application of a deductible under subparagraph (D)(ii) shall be counted towards such deductible notwithstanding that under paragraph (1)(B) the individual is not charged for the care and did not pay an amount towards such care; and

“(F) the Secretary may apply such other provisions as may be appropriate to carry out this section in an equitable manner.

“(3) In exercising authority under paragraph (1)—

“(A) the United States shall be subrogated to any right or claim that the covered beneficiary may have against a third-party payer;

“(B) the United States may institute and prosecute legal proceedings against a third-party payer to enforce a right of the United States under this section; and

“(C) the Secretary may compromise, settle, or waive a claim of the United States under this section.

“(4) No law of any State, or of any political subdivision of a State, shall operate to prevent or hinder collection by the United States under this section.

“(5) If collection is sought from a third-party payer for health care furnished a covered beneficiary under this section, under regulations medical records of the beneficiary shall be made available for inspection and review by representatives of the third-party payer for the sole purpose of permitting the third-party payer to verify, consistent with this subsection that—

“(A) the care for which recovery or collection is sought were furnished to the beneficiary; and

“(B) except as otherwise provided in this subsection, the provision of such care to the beneficiary meets criteria generally applicable under the covered health benefits plan.

“(6) The Secretary shall establish (and periodically update) a schedule of reasonable charge amounts for health care provided under this section. The amount under such schedule for health care shall be based on charges or fee schedule amounts recognized by third-party payers under covered health benefits plans for payment purposes for similar health care services furnished in the Metropolitan Washington, District of Columbia, area.

“(7) The Secretary shall establish a procedure under which a covered beneficiary may elect to have subsection (h) apply instead of this subsection with respect to some or all health care provided to the beneficiary under this section.

“(8) Amounts collected under this subsection, under subsection (h), or under any authority referred to in subsection (i), from a third-party payer or from any other

payer shall be deposited as an offsetting collection to any Department of State appropriation and shall remain available until expended.

“(9) For purposes of this section:

“(A) The term ‘covered beneficiary’ means a member or employee (or family member of such a member of employee) described in subsection (a) who is enrolled under a covered health benefits plan.

“(B)(i) Subject to clause (ii), the term ‘covered health benefits plan’ means a health benefits plan offered under the Federal Employees Health Benefits Program under chapter 89 of title 5, United States Code.

“(ii) Such term does not include such a health benefits plan (such as a plan of a staff-model health maintenance organization) as the Secretary determines pursuant to regulations to be structured in a manner that impedes the application of this subsection to individuals enrolled under the plan. To the extent practicable, the Secretary shall seek to disseminate to members of the Service and designated employees described in subsection (a) who are eligible to receive health care under this section the names of plans excluded under this clause.

“(C) The term ‘reasonable charge amount’ means, with respect to health care provided under this section, the amount for such care specified in the schedule established under paragraph (6).

“(D) The term ‘third-party payer’ means an entity that offers a covered health benefits plan.

“(h)(1) In the case of an individual who—

“(A) receives health care pursuant to this section; and

“(B)(i) is not a covered beneficiary (including by virtue of enrollment only in a health benefits plan excluded under subsection (g)(9)(B)(ii)), or

“(ii) is such a covered beneficiary and has made an election described in subsection (g)(7) with respect to such care,

the Secretary is authorized to collect from the individual the full reasonable charge amount for such care.

“(2) The United States shall have the same rights against such individuals with respect to collection of such amounts as the United States has with respect to collection of amounts against a third-party payer under subsection (g), except that the rights under this subsection shall be exercised without regard to any rules for deductibles, coinsurance, or other cost-sharing.

“(i) Subsections (g) and (h) shall apply to reimbursement for the cost of hospitalization and related outpatient expenses paid for under subsection (d) only to the extent provided in regulations. Nothing in this subsection, or subsections (g) and (h), shall be construed as limiting any authority the Secretary otherwise has with respect to obtaining reimbursement for the payments made under subsection (d).”

(b) EFFECTIVE DATE.—(1) The amendments made by subsection (a) shall apply to items and services provided on and after the first day of the first month that begins more than 1 year after the date of the enactment of this Act.

(2) In order to carry out such amendments in a timely manner, the Secretary of State is authorized to issue interim, final regulations that take effect pending notice and opportunity for public comment.

SEC. 1215. FEE FOR USE OF DIPLOMATIC RECEPTION ROOMS.

The State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a et seq.) is amended by adding after section 53 (as added by section 1213(b)) the following new section:

“SEC. 54. FEE FOR USE OF DIPLOMATIC RECEPTION ROOMS.

“The Secretary of State is authorized to charge a fee for use of the diplomatic reception rooms of the Department of State. Amounts collected under the authority of this section (including any reimbursements and surcharges) shall be deposited as an offsetting collection to any Department of State appropriation to recover the costs of such use and shall remain available for obligation until expended.”

SEC. 1216. FEES FOR COMMERCIAL SERVICES.

Section 52 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2724) is amended in subsection (b) by adding at the end the following: “Funds deposited under this subsection shall remain available for obligation until expended.”

SEC. 1217. BUDGET PRESENTATION DOCUMENTS.

The Secretary of State shall include in the annual Congressional Presentation Document and the Budget in Brief, a detailed accounting of the total collections received by the Department of State from all sources, including fee collections. Reporting on total collections shall also include the previous year’s collection and the projected expenditures from all collections accounts.

SEC. 1218. EXTENSION OF CERTAIN ADJUDICATION PROVISIONS.

The Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990 (Public Law 101-167) is amended—

(1) in section 599D (8 U.S.C. 1157 note)—

(A) in subsection (b)(3), by striking “and 1997” and inserting “1997, 1998, and 1999”; and

(B) in subsection (e), by striking “October 1, 1997” each place it appears and inserting “October 1, 1999”; and

(2) in section 599E (8 U.S.C. 1255 note) in subsection (b)(2), by striking “September 30, 1997” and inserting “September 30, 1999”.

SEC. 1219. GRANTS TO OVERSEAS EDUCATIONAL FACILITIES.

Section 29 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2701) is amended by adding at the end the following: “Notwithstanding any other provision of law, where the children of United States citizen employees of an agency of the United States Government who are stationed outside the United States attend educational facilities assisted by the Department of State under this section, such agency is authorized to make grants to, or otherwise to reimburse or credit with advance payment, the Department of State for funds used in providing assistance to such educational facilities.”

SEC. 1220. GRANTS TO REMEDY INTERNATIONAL CHILD ABDUCTIONS.

(a) GRANT AUTHORITY.—Section 7 of the International Child Abduction Remedies Act (42 U.S.C. 11606; Public Law 100-300) is amended by adding at the end the following new subsection:

“(e) GRANT AUTHORITY.—The United States Central Authority is authorized to make grants to, or enter into contracts or agreements with, any individual, corporation, other Federal, State, or local agency, or private entity or organization in the United States for purposes of accomplishing its responsibilities under the convention and this Act.”

CHAPTER 2—CONSULAR AUTHORITIES OF THE DEPARTMENT OF STATE

SEC. 1241. USE OF CERTAIN PASSPORT PROCESSING FEES FOR ENHANCED PASSPORT SERVICES.

For each of the fiscal years 1998 and 1999, of the fees collected for expedited passport processing and deposited to an offsetting collection pursuant to the Department of State and Related Agencies Appropriations Act for Fiscal Year 1995 (Public Law 103-317; 22 U.S.C. 214), 30 percent shall be available only for enhancing passport services for United States citizens, improving the integrity and efficiency of the passport issuance process, improving the secure nature of the United States passport, investigating passport fraud, and deterring entry into the United States by terrorists, drug traffickers, or other criminals.

SEC. 1242. CONSULAR OFFICERS.

(a) PERSONS AUTHORIZED TO ISSUE REPORTS OF BIRTH ABROAD.—Section 33 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2705) is amended in paragraph (2) by inserting “(or any United States citizen employee of the Department of State designated by the Secretary of State to adjudicate nationality abroad pursuant to such regulations as the Secretary may prescribe)” after “consular officer”.

(b) PROVISIONS APPLICABLE TO CONSULAR OFFICERS.—Section 1689 of the Revised Statutes of the United States (22 U.S.C. 4191), is amended by inserting “and to such other United States citizen employees of the Department of State as may be designated by the Secretary of State pursuant to such regulations as the Secretary may prescribe” after “such officers”.

(c) PERSONS AUTHORIZED TO AUTHENTICATE FOREIGN DOCUMENTS.—Section 3492(c) of title 18, United States Code, is amended by adding at the end the following: “For purposes of this section and sections 3493 through 3496 of this title, a consular officer shall include any United States citizen employee of the Department of State designated to perform notarial functions pursuant to section 24 of the Act of August 18, 1856 (Rev. Stat. 1750, 22 U.S.C. 4221).”

(d) PERSONS AUTHORIZED TO ADMINISTER OATHS.—Section 115 of title 35, United States Code, is amended by adding at the end the following: “For purposes of this section a consular officer shall include any United States citizen employee of the Department of State designated to perform notarial functions pursuant to section 24 of the Act of August 18, 1856 (Rev. Stat. 1750, 22 U.S.C. 4221).”

SEC. 1243. REPEAL OF OUTDATED CONSULAR RECEIPT REQUIREMENTS.

Sections 1726, 1727, and 1728 of the Revised Statutes of the United States (22 U.S.C. 4212, 4213, and 4214) (concerning accounting for consular fees) are repealed.

SEC. 1244. ELIMINATION OF DUPLICATE PUBLICATION REQUIREMENTS.

(a) FEDERAL REGISTER PUBLICATION OF TRAVEL ADVISORIES.—Section 44908(a) of title 49, United States Code, is amended—

(1) by striking paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2).

(b) PUBLICATION IN THE FEDERAL REGISTER OF TRAVEL ADVISORIES CONCERNING SECURITY AT FOREIGN PORTS.—Section 908(a) of the International Maritime and Port Security Act of 1986 (Public Law 99-399; 100 Stat. 891; 46 U.S.C. App. 1804(a)) is amended by striking the second sentence.

CHAPTER 3—REFUGEES AND MIGRATION**SEC. 1261. REPORT TO CONGRESS CONCERNING CUBAN EMIGRATION POLICIES.**

Beginning 3 months after the date of the enactment of this Act and every subsequent 6 months, the Secretary of State shall include in the monthly report to Congress entitled “Update on Monitoring of Cuban Migrant Returnees” additional information concerning the methods employed by the Government of Cuba to enforce the United States-Cuba agreement of September 1994 to restrict the emigration of the Cuban people from Cuba to the United States and the treatment by the Government of Cuba of persons who have returned to Cuba pursuant to the United States-Cuba agreement of May 1995.

SEC. 1262. REPROGRAMMING OF MIGRATION AND REFUGEE ASSISTANCE FUNDS.

Section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706) is amended by adding at the end the following new subsection:

“(c) EMERGENCY WAIVER OF NOTIFICATION REQUIREMENT.—The Secretary of State may waive the notification requirement of subsection (a), if the Secretary determines that failure to do so would pose a substantial risk to human health or welfare. In the case of any waiver under this subsection, notification to the appropriate congressional committees shall be provided as soon as practicable, but not later than 3 days after taking the action to which the notification requirement was applicable, and shall contain an explanation of the emergency circumstances.”.

TITLE XIII—ORGANIZATION OF THE DEPARTMENT OF STATE; DEPARTMENT OF STATE PERSONNEL; THE FOREIGN SERVICE

CHAPTER 1—ORGANIZATION OF THE DEPARTMENT OF STATE**SEC. 1301. COORDINATOR FOR COUNTERTERRORISM.**

(a) ESTABLISHMENT.—Section 1(e) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a(e)) is amended—

(1) by striking “In” and inserting the following:

“(1) In”; and

(2) by inserting at the end the following:

“(2) COORDINATOR FOR COUNTERTERRORISM.—

“(A) There shall be within the office of the Secretary of State a Coordinator for Counterterrorism (hereafter in this paragraph referred to as the ‘Coordinator’) who shall be appointed by the President, by and with the advice and consent of the Senate.

“(B)(i) The Coordinator shall perform such duties and exercise such power as the Secretary of State shall prescribe.

“(ii) The principal duty of the Coordinator shall be the overall supervision (including policy oversight of resources) of international counterterrorism activities. The Coordinator shall be the principal adviser to the Secretary of State on international counterterrorism matters. The Coordinator shall be the principal counterterrorism official within the senior management of the Department of State and shall report directly to the Secretary of State.

“(C) The Coordinator shall have the rank and status of Ambassador-at-Large. The Coordinator shall be compensated at the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5314 of title 5, United States Code, or, if the Coordinator is appointed from the Foreign

Service, the annual rate of pay which the individual last received under the Foreign Service Schedule, whichever is greater.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—Section 161 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236) is amended by striking subsection (e).

(c) TRANSITION PROVISION.—The individual serving as Coordinator for Counterterrorism of the Department of State on the day before the effective date of this division may continue to serve in that position.

SEC. 1302. ELIMINATION OF STATUTORY ESTABLISHMENT OF CERTAIN POSITIONS OF THE DEPARTMENT OF STATE.

(a) ASSISTANT SECRETARY OF STATE FOR SOUTH ASIAN AFFAIRS.—Section 122 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2652b) is repealed.

(b) DEPUTY ASSISTANT SECRETARY OF STATE FOR BURDENSARING.—Section 161 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 2651a note) is amended by striking subsection (f).

(c) ASSISTANT SECRETARY FOR OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS.—Section 9 of the Department of State Appropriations Authorization Act of 1973 (22 U.S.C. 2655a) is repealed.

SEC. 1303. ESTABLISHMENT OF ASSISTANT SECRETARY OF STATE FOR HUMAN RESOURCES.

Section 1(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a(c)) is amended by adding after paragraph (2) the following new paragraph:

“(3) ASSISTANT SECRETARY FOR HUMAN RESOURCES.—There shall be in the Department of State an Assistant Secretary for Human Resources who shall be responsible to the Secretary of State for matters relating to human resources including the implementation of personnel policies and programs within the Department of State and international affairs functions and activities carried out through the Department of State. The Assistant Secretary shall have substantial professional qualifications in the field of human resource policy and management.”.

SEC. 1304. ESTABLISHMENT OF ASSISTANT SECRETARY OF STATE FOR DIPLOMATIC SECURITY.

Section 1(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a(c)) as amended by section 1303 is further amended by adding after paragraph (3) the following new paragraph:

“(4) ASSISTANT SECRETARY FOR DIPLOMATIC SECURITY.—There shall be in the Department of State an Assistant Secretary for Diplomatic Security who shall be responsible to the Secretary of State for matters relating to diplomatic security. The Assistant Secretary shall have substantial professional qualifications in the field of Federal law enforcement, intelligence, or security.”.

SEC. 1305. SPECIAL ENVOY FOR TIBET.

(a) UNITED STATES SPECIAL ENVOY FOR TIBET.—The President should appoint within the Department of State a United States Special Envoy for Tibet, who shall hold office at the pleasure of the President.

(b) RANK.—A United States Special Envoy for Tibet appointed under subsection (a) shall have the personal rank of ambassador and shall be appointed by and with the advice and consent of the Senate.

(c) SPECIAL FUNCTIONS.—The United States Special Envoy for Tibet should be authorized and encouraged—

(1) to promote substantive negotiations between the Dalai Lama or his representatives and senior members of the Government of the People’s Republic of China;

(2) to promote good relations between the Dalai Lama and his representatives and the United States Government, including meeting with members or representatives of the Tibetan government-in-exile; and

(3) to travel regularly throughout Tibet and Tibetan refugee settlements.

(d) DUTIES AND RESPONSIBILITIES.—The United States Special Envoy for Tibet should—

(1) consult with the Congress on policies relevant to Tibet and the future and welfare of all Tibetan people;

(2) coordinate United States Government policies, programs, and projects concerning Tibet; and

(3) report to the Secretary of State regarding the matters described in section 536(a)(2) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236).

SEC. 1306. RESPONSIBILITIES FOR BUREAU CHARGED WITH REFUGEE ASSISTANCE.

The Bureau of Migration and Refugee Assistance shall be the bureau within the Department of State with principal responsibility for assisting the Secretary in carrying out the Migration and Refugee Assistance Act of 1962 and shall not be charged with responsibility for assisting the Secretary in matters relating to family planning or population policy.

CHAPTER 2—PERSONNEL OF THE DEPARTMENT OF STATE; THE FOREIGN SERVICE**SEC. 1321. AUTHORIZED STRENGTH OF THE FOREIGN SERVICE.**

(a) **END FISCAL YEAR 1998 LEVELS.**—The number of members of the Foreign Service authorized to be employed as of September 30, 1998—

(1) for the Department of State, shall not exceed 8,700, of whom not more than 750 shall be members of the Senior Foreign Service;

(2) for the United States Information Agency, shall not exceed 1,000, of whom not more than 140 shall be members of the Senior Foreign Service; and

(3) for the Agency for International Development, not to exceed 1070, of whom not more than 140 shall be members of the Senior Foreign Service.

(b) **END FISCAL YEAR 1999 LEVELS.**—The number of members of the Foreign Service authorized to be employed as of September 30, 1999—

(1) for the Department of State, shall not exceed 8,800, of whom not more than 750 shall be members of the Senior Foreign Service;

(2) for the United States Information Agency, not to exceed 1,000 of whom not more than 140 shall be members of the Senior Foreign Service; and

(3) for the Agency for International Development, not to exceed 1065 of whom not more than 135 shall be members of the Senior Foreign Service.

(c) **DEFINITION.**—For the purposes of this section, the term “members of the Foreign Service” is used within the meaning of such term under section 103 of the Foreign Service Act of 1980 (22 U.S.C 3903), except that such term does not include—

(1) members of the Service under paragraphs (6) and (7) of such section;

(2) members of the Service serving under temporary resident appointments abroad;

(3) members of the Service employed on less than a full-time basis;

(4) members of the Service subject to involuntary separation in cases in which such separation has been suspended pursuant to section 1106(8) of the Foreign Service Act of 1980; and

(5) members of the Service serving under non-career limited appointments.

(d) **WAIVER AUTHORITY.**—(1) Subject to paragraph (2), the President may waive any limitation under subsection (a) or (b) to the extent that such waiver is necessary to carry on the foreign affairs functions of the United States.

(2) Not less than 15 days before the President exercises a waiver under paragraph (1), such agency head shall notify the Chairman of the Committee on Foreign Relations of the Senate and the Chairman of the Committee on International Relations of the House of Representatives. Such notice shall include an explanation of the circumstances and necessity for such waiver.

SEC. 1322. NONOVERTIME DIFFERENTIAL PAY.

Title 5 of the United States Code is amended—

(1) in section 5544(a), by inserting after the fourth sentence the following new sentence: “For employees serving outside the United States in areas where Sunday is a routine workday and another day of the week is officially recognized as the day of rest and worship, the Secretary of State may designate the officially recognized day of rest and worship as the day with respect to which the preceding sentence shall apply instead of Sunday.”; and

(2) at the end of section 5546(a), by adding the following new sentence: “For employees serving outside the United States in areas where Sunday is a routine workday and another day of the week is officially recognized as the day of rest and worship, the Secretary of State may designate the officially recognized day of rest and worship as the day with respect to which the preceding sentence shall apply instead of Sunday.”.

SEC. 1323. AUTHORITY OF SECRETARY TO SEPARATE CONVICTED FELONS FROM SERVICE.

Section 610(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4010(a)(2)) is amended in the first sentence by striking “A member” and inserting “Except in the case of an individual who has been convicted of a crime for which a sentence of imprisonment of more than 1 year may be imposed, a member”.

SEC. 1324. CAREER COUNSELING.

(a) IN GENERAL.—Section 706(a) of the Foreign Service Act of 1980 (22 U.S.C. 4026(a)) is amended by adding at the end the following sentence: “Career counseling and related services provided pursuant to this Act shall not be construed to permit an assignment to training or to another assignment that consists primarily of paid time to conduct a job search and without other substantive duties, except that career members of the Service who upon their separation are not eligible to receive an immediate annuity and have not been assigned to a post in the United States during the 12 months prior to their separation from the Service may be permitted up to 2 months of paid time to conduct a job search.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective 180 days after the date of the enactment of this Act.

SEC. 1325. REPORT CONCERNING MINORITIES AND THE FOREIGN SERVICE.

The Secretary of State shall annually submit a report to the Congress concerning minorities and the Foreign Service officer corps. In addition to such other information as is relevant to this issue, the report shall include the following data (reported in terms of real numbers and percentages and not as ratios):

- (1) The numbers and percentages of all minorities taking the written foreign service examination.
- (2) The numbers and percentages of all minorities successfully completing and passing the written foreign service examination.
- (3) The numbers and percentages of all minorities successfully completing and passing the oral foreign service examination.
- (4) The numbers and percentages of all minorities entering the junior officers class of the Foreign Service.
- (5) The numbers and percentages of all minorities in the Foreign Service officer corps.
- (6) The numbers and percentages of all minority Foreign Service officers at each grade, particularly at the senior levels in policy directive positions.
- (7) The numbers of and percentages of minorities promoted at each grade of the Foreign Service officer corps.

SEC. 1326. RETIREMENT BENEFITS FOR INVOLUNTARY SEPARATION.

(a) BENEFITS.—Section 609 of the Foreign Service Act of 1980 (22 U.S.C. 4009) is amended—

- (1) in subsection (a)(2)(A) by inserting “or any other applicable provision of chapter 84 of title 5, United States Code,” after “section 811,”;
- (2) in subsection (a) by inserting “or section 855, as appropriate” after “section 806”; and
- (3) in subsection (b)(2)—
 - (A) by inserting “(A) for those participants in the Foreign Service Retirement and Disability System,” before “a refund”; and
 - (B) by inserting before the period at the end “; and (B) for those participants in the Foreign Service Pension System, benefits as provided in section 851”.
- (4) in subsection (b) in the matter following paragraph (2) by inserting “(for participants in the Foreign Service Retirement and Disability System) or age 62 (for participants in the Foreign Service Pension System)” after “age 60”.

(b) ENTITLEMENT TO ANNUITY.—Section 855(b) of the Foreign Service Act of 1980 (22 U.S.C. 4071d(b)) is amended—

- (1) in paragraph (1) by inserting “611,” after “608,”;
- (2) in paragraph (1) by inserting “and for participants in the Foreign Service Pension System” after “for participants in the Foreign Service Retirement and Disability System”; and
- (3) in paragraph (3) by striking “or 610” and inserting “610, or 611”.

(c) EFFECTIVE DATES.—

- (1) Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.
- (2) The amendments made by paragraphs (2) and (3) of subsection (a) and paragraphs (1) and (3) of subsection (b) shall apply with respect to any actions taken under section 611 of the Foreign Service Act of 1980 after January 1, 1996.

SEC. 1327. AVAILABILITY PAY FOR CERTAIN CRIMINAL INVESTIGATORS WITHIN THE DIPLOMATIC SECURITY SERVICE.

(a) IN GENERAL.—Section 5545a of title 5, United States Code, is amended by adding at the end the following:

“(k)(1) For purposes of this section, the term ‘criminal investigator’ includes an officer occupying a position under title II of Public Law 99-399 if—

“(A) subject to subparagraph (C), such officer meets the definition of such term under paragraph (2) of subsection (a) (applied disregarding the parenthetical matter before subparagraph (A) thereof);

“(B) the primary duties of the position held by such officer consist of performing—

“(i) protective functions; or

“(ii) criminal investigations; and

“(C) such officer satisfies the requirements of subsection (d) without taking into account any hours described in paragraph (2)(B) thereof.

“(2) In applying subsection (h) with respect to an officer under this subsection—

“(A) any reference in such subsection to ‘basic pay’ shall be considered to include amounts designated as ‘salary’;

“(B) paragraph (2)(A) of such subsection shall be considered to include (in addition to the provisions of law specified therein) sections 609(b)(1), 805, 806, and 856 of the Foreign Service Act of 1980; and

“(C) paragraph (2)(B) of such subsection shall be applied by substituting for ‘Office of Personnel Management’ the following: ‘Office of Personnel Management or the Secretary of State (to the extent that matters exclusively within the jurisdiction of the Secretary are concerned)’.”

(b) IMPLEMENTATION.—Not later than the date on which the amendments made by this section take effect, each special agent of the Diplomatic Security Service who satisfies the requirements of subsection (k)(1) of section 5545a of title 5, United States Code, as amended by this section, and the appropriate supervisory officer, to be designated by the Secretary of State, shall make an initial certification to the Secretary of State that the special agent is expected to meet the requirements of subsection (d) of such section 5545a. The Secretary of State may prescribe procedures necessary to administer this subsection.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—(1) Paragraph (2) of section 5545a(a) of title 5, United States Code, is amended (in the matter before subparagraph (A)) by striking “Public Law 99-399” and inserting “Public Law 99-399, subject to subsection (k)”.

(2) Section 5542(e) of such title is amended by striking “title 18, United States Code,” and inserting “title 18 or section 37(a)(3) of the State Department Basic Authorities Act of 1956.”

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the first applicable pay period—

(1) which begins on or after the 90th day following the date of the enactment of this Act; and

(2) on which date all regulations necessary to carry out such amendments are (in the judgment of the Director of the Office of Personnel Management and the Secretary of State) in effect.

SEC. 1328. LABOR MANAGEMENT RELATIONS.

Section 1017(e)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4117(e)(2)) is amended to read as follows:

“(2) For the purposes of paragraph (1)(A)(ii) and paragraph (1)(B), the term ‘management official’ does not include chiefs of mission, principal officers or their deputies, administrative and personnel officers abroad, or individuals described in section 1002(12) (B), (C), and (D) who are not involved in the administration of this chapter or in the formulation of the personnel policies and programs of the Department.”

SEC. 1329. OFFICE OF THE INSPECTOR GENERAL.

(a) PROCEDURES.—Section 209(c) of the Foreign Service Act of 1980 (22 U.S.C. 3929(c)) is amended by adding after paragraph (3) the following new paragraphs:

“(4) In the case of a formal interview where an employee is the likely subject or target of an Inspector General criminal investigation, the Inspector General shall make all best efforts to provide the employee with notice of the full range of his or her rights, including the right to retain counsel and the right to remain silent, as well as the identification of those attending the interview.

“(5) In carrying out the duties and responsibilities established under this section, the Inspector General shall develop and provide to employees—

“(A) information detailing their rights to counsel; and

“(B) guidelines describing in general terms the policies and procedures of the Office of Inspector General with respect to individuals under investigation, other than matters exempt from disclosure under other provisions of law.”

(b) REPORT.—Not later than April 30, 1998, the Inspector General of the Department of State shall submit a report to the appropriate congressional committees which includes the following information:

(1) Detailed descriptions of the internal guidance developed or used by the Office of the Inspector General with respect to public disclosure of any information related to an ongoing investigation of any employee or official of the Department of State, the United States Information Agency, or the Arms Control and Disarmament Agency.

(2) Detailed descriptions of those instances for the year ending December 31, 1997, in which any disclosure of information to the public by an employee of the Office of Inspector General about an ongoing investigation occurred, including details on the recipient of the information, the date of the disclosure, and the internal clearance process for the disclosure.

TITLE XIV—UNITED STATES PUBLIC DIPLOMACY: AUTHORITIES AND ACTIVITIES FOR UNITED STATES INFORMATIONAL, EDUCATIONAL, AND CULTURAL PROGRAMS

SEC. 1401. EXTENSION OF AU PAIR PROGRAMS.

Section 1(b) of the Act entitled “An Act to extend au pair programs.” (Public Law 104–72; 109 Stat. 1065(b)) is amended by striking “, through fiscal year 1997”.

SEC. 1402. RETENTION OF INTEREST.

Notwithstanding any other provision of law, with the approval of the National Endowment for Democracy, grant funds made available by the National Endowment for Democracy may be deposited in interest-bearing accounts pending disbursement and any interest which accrues may be retained by the grantee without returning such interest to the Treasury of the United States and interest earned by be obligated and expended for the purposes for which the grant was made without further appropriation.

SEC. 1403. CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN NORTH AND SOUTH.

Section 208(e) of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2075(e)) is amended by striking “\$10,000,000” and inserting “\$4,000,000”.

SEC. 1404. USE OF SELECTED PROGRAM FEES.

Section 810 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1475e) is amended by inserting “educational advising and counseling, exchange visitor program services, advertising sold by the Voice of America, receipts from cooperating international organizations and from the privatization of VOA Europe,” after “library services,”.

SEC. 1405. MUSKIE FELLOWSHIP PROGRAM.

(a) GUIDELINES.—Section 227(c)(5) of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2452 note) is amended—

(1) in the first sentence by inserting “journalism and communications, education administration, public policy, library and information science,” after “business administration,”; and

(2) in the second sentence by inserting “journalism and communications, education administration, public policy, library and information science,” after “business administration,”.

(b) REDESIGNATION OF SOVIET UNION.—Section 227 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2452 note) is amended—

(1) by striking “Soviet Union” each place it appears and inserting “Independent States of the Former Soviet Union”; and

(2) in the section heading by inserting “independent states of the former” after “from the”.

SEC. 1406. WORKING GROUP ON UNITED STATES GOVERNMENT SPONSORED INTERNATIONAL EXCHANGES AND TRAINING.

Section 112 of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2460) is amended by adding at the end the following new subsection:

“(g) WORKING GROUP ON UNITED STATES GOVERNMENT SPONSORED INTERNATIONAL EXCHANGES AND TRAINING.—(1) In order to carry out the purposes of sub-

section (f) and to improve the coordination, efficiency, and effectiveness of United States Government sponsored international exchanges and training, there is established within the United States Information Agency a senior-level interagency working group to be known as the Working Group on United States Government Sponsored International Exchanges and Training (hereinafter in this section referred to as "the Working Group").

"(2) For purposes of this subsection, the term 'Government sponsored international exchanges and training' means the movement of people between countries to promote the sharing of ideas, to develop skills, and to foster mutual understanding and cooperation, financed wholly or in part, directly or indirectly, with United States Government funds.

"(3) The Working Group shall be composed as follows:

"(A) The Associate Director for Educational and Cultural Affairs of the United States Information Agency, who shall act as Chair.

"(B) A senior representative designated by the Secretary of State.

"(C) A senior representative designated by the Secretary of Defense.

"(D) A senior representative designated by the Secretary of Education.

"(E) A senior representative designated by the Attorney General.

"(F) A senior representative designated by the Administrator of the Agency for International Development.

"(G) Senior representatives of other departments and agencies as the Chair determines to be appropriate.

"(4) Representatives of the National Security Adviser and the Director of the Office of Management and Budget may participate in the Working Group at the discretion of the adviser and the director, respectively.

"(5) The Working Group shall be supported by an interagency staff office established in the Bureau of Educational and Cultural Affairs of the United States Information Agency.

"(6) The Working Group shall have the following purposes and responsibilities:

"(A) To collect, analyze, and report data provided by all United States Government departments and agencies conducting international exchanges and training programs.

"(B) To promote greater understanding and cooperation among concerned United States Government departments and agencies of common issues and challenges in conducting international exchanges and training programs, including through the establishment of a clearinghouse for information on international exchange and training activities in the governmental and nongovernmental sectors.

"(C) In order to achieve the most efficient and cost-effective use of Federal resources, to identify administrative and programmatic duplication and overlap of activities by the various United States Government departments and agencies involved in Government sponsored international exchange and training programs, to identify how each Government sponsored international exchange and training program promotes United States foreign policy, and to report thereon.

"(D) Not later than 1 year after the date of the enactment of the Foreign Relations Authorization Act, Fiscal Years 1998 and 1999, to develop and thereafter assess, annually, a coordinated and cost-effective strategy for all United States Government sponsored international exchange and training programs, and to issue a report on such strategy. This strategy will include an action plan for consolidating United States Government sponsored international exchange and training programs with the objective of achieving a minimum 10 percent cost saving through consolidation or the elimination of duplication.

"(E) Not later than 2 years after the date of the enactment of the Foreign Relations Authorization Act, Fiscal Years 1998 and 1999, to develop recommendations on common performance measures for all United States Government sponsored international exchange and training programs, and to issue a report.

"(F) To conduct a survey of private sector international exchange activities and develop strategies for expanding public and private partnerships in, and leveraging private sector support for, United States Government sponsored international exchange and training activities.

"(G) Not later than 6 months after the date of the enactment of the Foreign Relations Authorization Act, Fiscal Years 1998 and 1999, to report on the feasibility of transferring funds and program management for the ATLAS and/or the Mandela Fellows programs in South Africa from the Agency for International Development to the United States Information Agency. The report shall include an assessment of the capabilities of the South African Fulbright Commission to manage such programs and the cost advantages of consolidating such programs under one entity.

“(7) All reports prepared by the Working Group shall be submitted to the President, through the Director of the United States Information Agency.

“(8) The Working Group shall meet at least on a quarterly basis.

“(9) All decisions of the Working Group shall be by majority vote of the members present and voting.

“(10) The members of the Working Group shall serve without additional compensation for their service on the Working Group. Any expenses incurred by a member of the Working Group in connection with service on the Working Group shall be compensated by that member’s department or agency.

“(11) With respect to any report promulgated pursuant to paragraph (6), a member may submit dissenting views to be submitted as part of the report of the Working Group.”.

SEC. 1407. EDUCATIONAL AND CULTURAL EXCHANGES AND SCHOLARSHIPS FOR TIBETANS AND BURMESE.

(a) **ESTABLISHMENT OF EDUCATIONAL AND CULTURAL EXCHANGE FOR TIBETANS.**—The Director of the United States Information Agency shall establish programs of educational and cultural exchange between the United States and the people of Tibet. Such programs shall include opportunities for training and, as the Director considers appropriate, may include the assignment of personnel and resources abroad.

(b) **SCHOLARSHIPS FOR TIBETANS AND BURMESE.**—

(1) **IN GENERAL.**—For each of the fiscal years 1998 and 1999, at least 30 scholarships shall be made available to Tibetan students and professionals who are outside Tibet, and at least 15 scholarships shall be made available to Burmese students and professionals who are outside Burma.

(2) **WAIVER.**—Paragraph (1) shall not apply to the extent that the Director of the United States Information Agency determines that there are not enough qualified students to fulfill such allocation requirement.

(3) **SCHOLARSHIP DEFINED.**—For the purposes of this section, the term “scholarship” means an amount to be used for full or partial support of tuition and fees to attend an educational institution, and may include fees, books, and supplies, equipment required for courses at an educational institution, living expenses at a United States educational institution, and travel expenses to and from, and within, the United States.

SEC. 1408. UNITED STATES—JAPAN COMMISSION.

(a) **RELIEF FROM RESTRICTION OF INTERCHANGEABILITY OF FUNDS.**—

(1) Section 6(4) of the Japan-United States Friendship Act (22 U.S.C. 2905(4)) is amended by striking “needed, except” and all that follows through “United States” and inserting “needed”.

(2) The second sentence of section 7(b) of the Japan-United States Friendship Act (22 U.S.C. 2906(b)) is amended to read as follows: “Such investment may be made only in interest-bearing obligations of the United States, in obligations guaranteed as to both principal and interest by the United States, in interest-bearing obligations of Japan, or in obligations guaranteed as to both principal and interest by Japan.”.

(b) **REVISION OF NAME OF COMMISSION.**—

(1) After the date of the enactment of this Act, the Japan-United States Friendship Commission shall be designated as the “United States-Japan Commission”. Any reference in any provision of law, Executive order, regulation, delegation of authority, or other document to the Japan-United States Friendship Commission shall be considered to be a reference to the United States-Japan Commission.

(2) The heading of section 4 of the Japan-United States Friendship Act (22 U.S.C. 2903) is amended to read as follows:

“UNITED STATES-JAPAN COMMISSION”.

(3) The Japan-United States Friendship Act is amended by striking “Japan-United States Friendship Commission” each place such term appears and inserting “United States-Japan Commission”.

(c) **REVISION OF NAME OF TRUST FUND.**—

(1) After the date of the enactment of this Act, the Japan-United States Friendship Trust Fund shall be designated as the “United States-Japan Trust Fund”. Any reference in any provision of law, Executive order, regulation, delegation of authority, or other document to the Japan-United States Friendship Trust Fund shall be considered to be a reference to the United States-Japan Trust Fund.

(2) Section 3(a) of the Japan-United States Friendship Act (22 U.S.C. 2902(a)) is amended by striking “Japan-United States Friendship Trust Fund” and inserting “United States-Japan Trust Fund”.

SEC. 1409. SURROGATE BROADCASTING STUDIES.

(a) **RADIO FREE AFRICA.**—Not later than 6 months after the date of the enactment of this Act, the United States Information Agency and the Board of Broadcasting Governors should conduct and complete a study of the appropriateness, feasibility, and projected costs of providing surrogate broadcasting service to Africa and transmit the results of the study to the appropriate congressional committees.

(b) **RADIO FREE IRAN.**—Not later than 6 months after the date of the enactment of this Act, the United States Information Agency and the Board of Broadcasting Governors should conduct and complete a study of the appropriateness, feasibility, and projected costs of a Radio Free Europe/Radio Liberty broadcasting service to Iran and transmit the results of the study to the appropriate congressional committees.

SEC. 1410. AUTHORITY TO ADMINISTER SUMMER TRAVEL/WORK PROGRAMS.

The Director of the United States Information Agency is authorized to administer summer travel/work programs without regard to preplacement requirements.

SEC. 1411. PERMANENT ADMINISTRATIVE AUTHORITIES REGARDING APPROPRIATIONS.

Section 701(f) of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1476(f)) is amended by striking paragraph (4).

SEC. 1412. AUTHORITIES OF THE BROADCASTING BOARD OF GOVERNORS.

(a) **AUTHORITIES.**—Section 305(a)(1) of the United States International Broadcasting Act of 1994 (22 U.S.C. 6204(a)(1)) is amended by striking “direct and”.

(b) **DIRECTOR OF THE BUREAU.**—The first sentence of section 307(b)(1) of the United States International Broadcasting Act of 1994 (22 U.S.C. 6206(b)(1)) is amended to read as follows: “The Director of the Bureau shall be appointed by the Board with the concurrence of the Director of the United States Information Agency.”

(c) **RESPONSIBILITIES OF THE DIRECTOR.**—Section 307 of the United States International Broadcasting Act of 1994 (22 U.S.C. 6206) is amended by adding at the end the following new subsection:

“(c) **RESPONSIBILITIES OF THE DIRECTOR.**—The Director shall organize and chair a coordinating committee to examine long-term strategies for the future of international broadcasting, including the use of new technologies, further consolidation of broadcast services, and consolidation of currently existing public affairs and legislative relations functions in the various international broadcasting entities. The coordinating committee shall include representatives of RFA, RFE/RL, the Broadcasting Board of Governors, and, as appropriate, from the Office of Cuba Broadcasting, the Voice of America, and WorldNet.”

(d) **RADIO BROADCASTING TO CUBA.**—Section 4 of the Radio Broadcasting to Cuba Act (22 U.S.C. 1465b) is amended by striking “of the Voice of America” and inserting “of the International Broadcasting Bureau”.

(e) **TELEVISION BROADCASTING TO CUBA.**—Section 244(a) of the Television Broadcasting to Cuba Act (22 U.S.C. 1465cc(a)) is amended in the third sentence by striking “of the Voice of America” and inserting “of the International Broadcasting Bureau”.

TITLE XV—INTERNATIONAL ORGANIZATIONS; UNITED NATIONS AND RELATED AGENCIES

CHAPTER 1—GENERAL PROVISIONS

SEC. 1501. SERVICE IN INTERNATIONAL ORGANIZATIONS.

(a) **IN GENERAL.**—Section 3582(b) of title 5, United States Code, is amended by striking all after the first sentence and inserting the following: “On reemployment, he is entitled to the rate of basic pay to which he would have been entitled had he remained in the civil service. On reemployment, the agency shall restore his sick leave account, by credit or charge, to its status at the time of transfer. The period of separation caused by his employment with the international organization and the period necessary to effect reemployment are deemed creditable service for all appropriate civil service employment purposes. This subsection does not apply to a congressional employee.”

(b) **APPLICATION.**—The amendment made by subsection (a) shall apply with respect to transfers which take effect on or after the date of the enactment of this Act.

SEC. 1502. ORGANIZATION OF AMERICAN STATES.

Taking into consideration the long-term commitment by the United States to the affairs of this hemisphere and the need to build further upon the linkages between the United States and its neighbors, it is the sense of the Congress that the Secretary of State should make every effort to pay the United States assessed funding levels for the Organization of American States, which is uniquely dependent on United States contributions and is continuing fundamental reforms in its structure and its agenda.

CHAPTER 2—UNITED NATIONS AND RELATED AGENCIES**SEC. 1521. REFORM IN BUDGET DECISIONMAKING PROCEDURES OF THE UNITED NATIONS AND ITS SPECIALIZED AGENCIES.**

(a) **ASSESSED CONTRIBUTIONS.**—Of amounts authorized to be appropriated for “Assessed Contributions to International Organizations” by this Act, the President may withhold 20 percent of the funds appropriated for the United States assessed contribution to the United Nations or to any of its specialized agencies for any calendar year if the Secretary of State determines that the United Nations or any such agency has failed to implement or to continue to implement consensus-based decision-making procedures on budgetary matters which assure that sufficient attention is paid to the views of the United States and other member states that are the major financial contributors to such assessed budgets.

(b) **NOTICE TO CONGRESS.**—The President shall notify the Congress when a decision is made to withhold any share of the United States assessed contribution to the United Nations or its specialized agencies pursuant to subsection (a) and shall notify the Congress when the decision is made to pay any previously withheld assessed contribution. A notification under this subsection shall include appropriate consultation between the President (or the President’s representative) and the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate.

(c) **CONTRIBUTIONS FOR PRIOR YEARS.**—Subject to the availability of appropriations, payment of assessed contributions for prior years may be made to the United Nations or any of its specialized agencies notwithstanding subsection (a) if such payment would further United States interests in that organization.

(d) **REPORT TO CONGRESS.**—Not later than February 1 of each year, the President shall submit to the appropriate congressional committees a report concerning the amount of United States assessed contributions paid to the United Nations and each of its specialized agencies during the preceding calendar year.

SEC. 1522. REPORTS ON EFFORTS TO PROMOTE FULL EQUALITY AT THE UNITED NATIONS FOR ISRAEL.

(a) **CONGRESSIONAL STATEMENT.**—It is the sense of the Congress that the United States must help promote an end to the persistent inequity experienced by Israel in the United Nations whereby Israel is the only longstanding member of the organization to be denied acceptance into any of the United Nation’s regional blocs.

(b) **REPORTS TO CONGRESS.**—Not later than 90 days after the date of the enactment of this Act and on a quarterly basis thereafter, the Secretary of State shall submit to the appropriate congressional committees a report which includes the following information (in classified or unclassified form as appropriate):

(1) Actions taken by representatives of the United States to encourage the nations of the Western Europe and Others Group (WEOG) to accept Israel into their regional bloc.

(2) Efforts undertaken by the Secretary General of the United Nations to secure Israel’s full and equal participation in that body.

(3) Specific responses received by the Secretary of State from each of the nations of the Western Europe and Others Group (WEOG) on their position concerning Israel’s acceptance into their organization.

(4) Other measures being undertaken, and which will be undertaken, to ensure and promote Israel’s full and equal participation in the United Nations.

SEC. 1523. UNITED NATIONS POPULATION FUND.

(a) **LIMITATION.**—Subject to subsections (b), (c), and (d)(2), of the amounts made available for each of the fiscal years 1998 and 1999 to carry out part I of the Foreign Assistance Act of 1961, not more than \$25,000,000 shall be available for each such fiscal year for the United Nations Population Fund.

(b) **PROHIBITION ON USE OF FUNDS IN CHINA.**—None of the funds made available under this section shall be made available for a country program in the People’s Republic of China.

(c) **CONDITIONS ON AVAILABILITY OF FUNDS.**—

(1) Not more than one-half of the amount made available to the United Nations Population Fund under this section may be provided to the Fund before March 1 of the fiscal year for which funds are made available.

(2) Amounts made available for each of the fiscal years 1998 and 1999 under part I of the Foreign Assistance Act of 1961 for the United Nations Population Fund may not be made available to the Fund unless—

(A) the Fund maintains amounts made available to the Fund under this section in an account separate from accounts of the Fund for other funds; and

(B) the Fund does not commingle amounts made available to the Fund under this section with other funds.

(d) REPORTS.—

(1) Not later than February 15, 1998, and February 15, 1999, the Secretary of State shall submit a report to the appropriate congressional committees indicating the amount of funds that the United Nations Population Fund is budgeting for the year in which the report is submitted for a country program in the People's Republic of China.

(2) If a report under paragraph (1) indicates that the United Nations Population Fund plans to spend China country program funds in the People's Republic of China in the year covered by the report, then the amount of such funds that the Fund plans to spend in the People's Republic of China shall be deducted from the funds made available to the Fund after March 1 for obligation for the remainder of the fiscal year in which the report is submitted.

SEC. 1524. CONTINUED EXTENSION OF PRIVILEGES, EXEMPTIONS, AND IMMUNITIES OF THE INTERNATIONAL ORGANIZATIONS IMMUNITIES ACT TO UNIDO.

Section 12 of the International Organizations Immunities Act (22 U.S.C. 288f-2) is amended by inserting “and the United Nations Industrial Development Organization” after “International Labor Organization”.

TITLE XVI—ARMS CONTROL AND DISARMAMENT AGENCY

SEC. 1601. COMPREHENSIVE COMPILATION OF ARMS CONTROL AND DISARMAMENT STUDIES.

Section 39 of the Arms Control and Disarmament Act (22 U.S.C. 2579) is repealed.

SEC. 1602. USE OF FUNDS.

Section 48 of the Arms Control and Disarmament Act (22 U.S.C. 2588) is amended by striking “section 11 of the Act of March 1, 1919 (44 U.S.C. 111)” and inserting “any other Act”.

TITLE XVII—FOREIGN POLICY PROVISIONS

SEC. 1701. UNITED STATES POLICY REGARDING THE INVOLUNTARY RETURN OF REFUGEES.

(a) IN GENERAL.—No funds authorized to be appropriated by this division shall be available to effect the involuntary return by the United States of any person to a country in which the person has a well founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion, except on grounds recognized as precluding protection as a refugee under the United Nations Convention Relating to the Status of Refugees of July 28, 1951, and the Protocol Relating to the Status of Refugees of January 31, 1967.

(b) MIGRATION AND REFUGEE ASSISTANCE.—No funds authorized to be appropriated by section 1104 of this Act or by section 2(c) of the Migration and Refugee Assistance Act of 1962 (22 U.S.C. 2601(c)) shall be available to effect the involuntary return of any person to any country unless the Secretary of State first notifies the appropriate congressional committees, except that in the case of an emergency involving a threat to human life the Secretary of State shall notify the appropriate congressional committees as soon as practicable.

(c) INVOLUNTARY RETURN DEFINED.—As used in this section, the term “to effect the involuntary return” means to require, by means of physical force or circumstances amounting to a threat thereof, a person to return to a country against the person's will, regardless of whether the person is physically present in the United States and regardless of whether the United States acts directly or through an agent.

SEC. 1702. UNITED STATES POLICY WITH RESPECT TO THE INVOLUNTARY RETURN OF PERSONS IN DANGER OF SUBJECTION TO TORTURE.

(a) **IN GENERAL.**—The United States shall not expel, extradite, or otherwise effect the involuntary return of any person to a country in which there are reasonable grounds for believing the person would be in danger of subjection to torture.

(b) **DEFINITIONS.**—

(1) **IN GENERAL.**—Except as otherwise provided, terms used in this section have the meanings given such terms under the United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, subject to any reservations, understandings, declarations, and provisos contained in the United States resolution of advice and consent to ratification to such convention.

(2) **INVOLUNTARY RETURN.**—As used in this section, the term “effect the involuntary return” means to take action by which it is reasonably foreseeable that a person will be required to return to a country against the person’s will, regardless of whether such return is induced by physical force and regardless of whether the person is physically present in the United States.

SEC. 1703. REPORTS ON CLAIMS BY UNITED STATES FIRMS AGAINST THE GOVERNMENT OF SAUDI ARABIA.

(a) **IN GENERAL.**—Within 60 days after the date of the enactment of this Act and every 120 days thereafter, the Secretary of State, in coordination with the Secretary of Defense and the Secretary of Commerce, shall report to the appropriate congressional committees on specific actions taken by the Department of State, the Department of Defense, and the Department of Commerce toward progress in resolving the commercial disputes between United States firms and the Government of Saudi Arabia that are described in the June 30, 1993, report by the Secretary of Defense pursuant to section 9140(c) of the Department of Defense Appropriations Act, 1993 (Public Law 102–396), including the additional claims noticed by the Department of Commerce on page 2 of that report.

(b) **TERMINATION.**—Subsection (a) shall cease to have effect when the Secretary of State, in coordination with the Secretary of Defense and the Secretary of Commerce, certifies in writing to the appropriate congressional committees that the commercial disputes referred to in subsection (a) have been resolved satisfactorily.

SEC. 1704. HUMAN RIGHTS REPORTS.

Section 116(d) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n) is amended—

- (1) by striking “January 31” and inserting “February 25”;
- (2) redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively; and
- (3) by inserting after paragraph (2) the following new paragraph (3):
 - “(3) the status of child labor practices in each country, including—
 - “(A) whether such country has adopted policies to protect children from exploitation in the workplace, including a prohibition of forced and bonded labor and policies regarding acceptable working conditions; and
 - “(B) the extent to which each country enforces such policies, including the adequacy of resources and oversight dedicated to such policies.”.

SEC. 1705. REPORTS ON DETERMINATIONS UNDER TITLE IV OF THE LIBERTAD ACT.

Section 401 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6091) is amended by adding at the end the following:

“(e) **REPORTS TO CONGRESS.**—The Secretary of State shall, not later than 30 days after the date of the enactment of this subsection and every 3 months thereafter, submit to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the implementation of this section. Each report shall include—

- “(1) an unclassified list, by economic sector, of the number of entities then under review pursuant to this section;
- “(2) an unclassified list of all entities and a classified list of all individuals that the Secretary of State has determined to be subject to this section;
- “(3) an unclassified list of all entities and a classified list of all individuals that the Secretary of State has determined are no longer subject to this section;
- “(4) an explanation of the status of the review under way for the cases referred to in paragraph (1); and
- “(5) an unclassified explanation of each determination of the Secretary of State under subsection (a) and each finding of the Secretary under subsection (c)—

“(A) since the date of the enactment of this Act, in the case of the first report under this subsection; and

“(B) in the preceding 3-month period, in the case of each subsequent report.”

SEC. 1706. REPORTS AND POLICY CONCERNING DIPLOMATIC IMMUNITY.

(a) **ANNUAL REPORT CONCERNING DIPLOMATIC IMMUNITY.**—

(1) **REPORT TO CONGRESS.**—The Secretary of State shall prepare and submit to the Congress, annually, a report concerning diplomatic immunity entitled “Report on Cases Involving Diplomatic Immunity”.

(2) **CONTENT OF REPORT.**—In addition to such other information as the Secretary of State may consider appropriate, the report under paragraph (1) shall include the following:

(A) The number of persons residing in the United States who enjoy full immunity from the criminal jurisdiction of the United States under laws extending diplomatic privileges and immunities.

(B) Each case involving an alien described in subparagraph (A) in which the appropriate authorities of a State, a political subdivision of a State, or the United States reported to the Department of State that the authority had reasonable cause to believe the alien committed a serious criminal offense within the United States.

(C) Each case in which the United States has certified that a person enjoys full immunity from the criminal jurisdiction of the United States under laws extending diplomatic privileges and immunities.

(D) The number of United States citizens who are residing in a receiving state and who enjoy full immunity from the criminal jurisdiction of such state under laws extending diplomatic privileges and immunities.

(E) Each case involving a United States citizen under subparagraph (D) in which the United States has been requested by the government of a receiving state to waive the immunity from criminal jurisdiction of the United States citizen.

(3) **SERIOUS CRIMINAL OFFENSE DEFINED.**—The term “serious criminal offense” means—

(A) any felony under Federal, State, or local law;

(B) any Federal, State, or local offense punishable by a term of imprisonment of more than 1 year ;

(C) any crime of violence as defined for purposes of section 16 of title 18, United States Code; or

(D) driving under the influence of alcohol or drugs or driving while intoxicated if the case involves personal injury to another individual.

(b) **UNITED STATES POLICY CONCERNING REFORM OF DIPLOMATIC IMMUNITY.**—It is the sense of the Congress that the Secretary of State should explore, in appropriate fora, whether states should enter into agreements and adopt legislation—

(1) to provide jurisdiction in the sending state to prosecute crimes committed in the receiving state by persons entitled to immunity from criminal jurisdiction under laws extending diplomatic privileges and immunities; and

(2) to provide that where there is probable cause to believe that an individual who is entitled to immunity from the criminal jurisdiction of the receiving state under laws extending diplomatic privileges and immunities committed a serious crime, the sending state will waive such immunity or the sending state will prosecute such individual.

SEC. 1707. CONGRESSIONAL STATEMENT WITH RESPECT TO EFFICIENCY IN THE CONDUCT OF FOREIGN POLICY.

It is the sense of the Congress that the Secretary, after consultation with the appropriate congressional committees, should submit a plan to the Congress to consolidate some or all of the functions currently performed by the Department of State, the agency for International Development, and the Arms Control and Disarmament Agency, in order to increase efficiency and accountability in the conduct of the foreign policy of the United States.

SEC. 1708. CONGRESSIONAL STATEMENT CONCERNING RADIO FREE EUROPE/RADIO LIBERTY.

It is the sense of the Congress that Radio Free Europe/Radio Liberty should continue surrogate broadcasting beyond the year 2000 to countries whose people do not yet fully enjoy freedom of expression. Recent events in Serbia, Belarus, and Slovakia, among other nations, demonstrate that even after the end of communist rule in such nations, tyranny under other names still threatens the freedom of their peoples, and hence the stability of Europe and the national security interest of the United States. The Broadcasting Board of Governors should therefore continue to

allocate sufficient funds to Radio Free Europe/Radio Liberty to continue broadcasting at current levels to target countries and to increase these levels in response to renewed threats to freedom.

SEC. 1709. PROGRAMS OR PROJECTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY IN CUBA.

(a) **WITHHOLDING OF UNITED STATES PROPORTIONAL SHARE OF ASSISTANCE.—**

(1) **IN GENERAL.—**Section 307(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2227(c)) is amended—

(A) by striking “The limitations” and inserting “(1) Subject to paragraph (2), the limitations”; and

(B) by adding at the end the following:

“(2)(A) Except as provided in subparagraph (B), with respect to funds authorized to be appropriated by this chapter and available for the International Atomic Energy Agency, the limitations of subsection (a) shall apply to programs or projects of such Agency in Cuba.

“(B)(i) Subparagraph (A) shall not apply with respect to programs or projects of the International Atomic Energy Agency that provide for the discontinuation, dismantling, or safety inspection of nuclear facilities or related materials, or for inspections and similar activities designed to prevent the development of nuclear weapons by a country described in subsection (a).

“(ii) Clause (i) shall not apply with respect to the Juragua Nuclear Power Plant near Cienfuegos, Cuba, or the Pedro Pi Nuclear Research Center unless Cuba—

“(I) ratifies the Treaty on the Non-Proliferation of Nuclear Weapons (21 UST 483) or the Treaty for the Prohibition of Nuclear Weapons in Latin America (commonly known as the Treaty of Tlatelolco);

“(II) negotiates full-scope safeguards of the International Atomic Energy Agency not later than two years after ratification by Cuba of such Treaty; and

“(III) incorporates internationally accepted nuclear safety standards.”.

(2) **EFFECTIVE DATE.—**The amendments made by paragraph (1) shall take effect on October 1, 1997, or the date of the enactment of this Act, whichever occurs later.

(b) **OPPOSITION TO CERTAIN PROGRAMS OR PROJECTS.—**The Secretary of State shall direct the United States representative to the International Atomic Energy Agency to oppose the following:

(1) Technical assistance programs or projects of the Agency at the Juragua Nuclear Power Plant near Cienfuegos, Cuba, and at the Pedro Pi Nuclear Research Center.

(2) Any other program or project of the Agency in Cuba that is, or could become, a threat to the security of the United States.

(c) **REPORTING REQUIREMENTS.—**

(1) **REQUEST FOR IAEA REPORTS.—**The Secretary of State shall direct the United States representative to the International Atomic Energy Agency to request the Director-General of the Agency to submit to the United States all reports prepared with respect to all programs or projects of the Agency that are of concern to the United States, including the programs or projects described in subsection (b).

(2) **ANNUAL REPORTS TO THE CONGRESS.—**Not later than 180 days after the date of the enactment of this Act, and on an annual basis thereafter, the Secretary of State, in consultation with the United States representative to the International Atomic Energy Agency, shall prepare and submit to the Congress a report containing a description of all programs or projects of the Agency in each country described in section 307(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2227(a)).

SEC. 1710. UNITED STATES POLICY WITH RESPECT TO JERUSALEM AS THE CAPITAL OF ISRAEL.

(a) **LIMITATION.—**Of the amounts authorized to be appropriated by section 1101(4) for “Acquisition and Maintenance of Buildings Abroad” \$25,000,000 for the fiscal year 1998 and \$75,000,000 for the fiscal year 1999 is authorized to be appropriated for the construction of a United States Embassy in Jerusalem, Israel.

(b) **LIMITATION ON USE OF FUNDS FOR CONSULATE IN JERUSALEM.—**None of the funds authorized to be appropriated by this division may be expended for the operation of a United States consulate or diplomatic facility in Jerusalem unless such consulate or diplomatic facility is under the supervision of the United States Ambassador to Israel.

(c) **LIMITATION ON USE OF FUNDS FOR PUBLICATIONS.—**None of the funds authorized to be appropriated by this division may be available for the publication of any

official government document which lists countries and their capital cities unless the publication identifies Jerusalem as the capital of Israel.

(d) **RECORD OF PLACE OF BIRTH.**—For purposes of the registration of birth, certification of nationality, or issuance of a passport of a United States citizen born in the city of Jerusalem, upon request, the Secretary of State shall permit the place of birth to be recorded as Jerusalem, Israel.

SEC. 1711. REPORT ON COMPLIANCE WITH THE HAGUE CONVENTION ON INTERNATIONAL CHILD ABDUCTION.

Beginning 6 months after the date of the enactment of this Act and every 12 months thereafter during the fiscal years 1998 and 1999, the Secretary shall provide to the appropriate congressional committees a report on the compliance with the provisions of the the Hague Convention on the Civil Aspects of International Child Abduction by the signatories to such convention. Each such report shall include the following information:

(1) The number of applications for the return of children submitted by United States citizens to the Central Authority for the United States that remain unresolved more than 18 months after the date of filing.

(2) A list of the countries to which children in unresolved applications described in paragraph (1) are alleged to have been abducted.

(3) A list of the countries that have demonstrated a pattern of noncompliance with the obligations of such convention with respect to applications for the return of children submitted by United States citizens to the Central Authority for the United States.

(4) Detailed information on each unresolved case described in paragraph (1) and on actions taken by the Department of State to resolve each such case.

SEC. 1712. SENSE OF CONGRESS RELATING TO RECOGNITION OF THE ECUMENICAL PATRIARCHATE BY THE GOVERNMENT OF TURKEY.

It is the sense of the Congress that the United States—

(1) should recognize the Ecumenical Patriarchate and its nonpolitical, religious mission;

(2) should encourage the continued maintenance of the institution's physical security needs, as provided for under Turkish and international law; and

(3) should use its good offices to encourage the reopening of the Ecumenical Patriarchate's Halki Patriarchal School of Theology.

SEC. 1713. RETURN OF HONG KONG TO PEOPLE'S REPUBLIC OF CHINA.

It is the sense of the Congress that—

(1) the return of Hong Kong to the People's Republic of China should be carried out in a peaceful manner, with respect for the rule of law and respect for human rights, freedom of speech, freedom of the press, freedom of association, freedom of movement; and

(2) these basic freedoms are not incompatible with the rich culture and history of the People's Republic of China.

SEC. 1714. DEVELOPMENT OF DEMOCRACY IN THE REPUBLIC OF SERBIA.

(a) **FINDINGS.**—The Congress finds the following:

(1) The United States stands as a beacon of democracy and freedom in the world.

(2) A stable and democratic Republic of Serbia is important to the interests of the United States, the international community, and to peace in the Balkans.

(3) Democratic forces in the Republic of Serbia are beginning to emerge, notwithstanding the efforts of Europe's longest-standing communist dictator, Slobodan Milosevic.

(4) The Republic of Serbia completed municipal elections on November 17, 1996.

(5) In 14 of Serbia's 18 largest cities, and in a total of 42 major municipalities, candidates representing parties in opposition to the Socialist Party of President Milosevic and the Yugoslav United Left Party of his wife Mirjana Markovic won a majority of the votes cast.

(6) Socialist Party-controlled election commissions and government authorities thwarted the people's will by annulling free elections in the cities of Belgrade, Nis, Smederevska Palanka, and several other cities where opposition party candidates won fair elections.

(7) Countries belonging to the Organization for Security and Cooperation in Europe (OSCE) on January 3, 1997, called upon President Milosevic and all the political forces in the Republic of Serbia to honor the people's will and honor the election results.

(8) Hundreds of thousands of Serbs marched in the streets of Belgrade on a daily basis from November 20, 1996, through February 1997, demanding the implementation of the election results and greater democracy in the country.

(9) The partial reinstatement of opposition party victories in January 1997 and the subsequent enactment by the Serbian legislature of a special law implementing the results of all the 1996 municipal elections does not atone for the Milosevic regime's trampling of rule of law, orderly succession of power, and freedom of speech and of assembly.

(10) The Serbian authorities have sought to continue to hinder the growth of a free and independent news media in the Republic of Serbia, in particular the broadcast news media, and harassed journalists performing their professional duties.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) the United States, the Organization for Security and Cooperation in Europe (OSCE), and the international community should continue to press the Government of the Republic of Serbia to ensure the implementation of free, fair, and honest presidential and parliamentary elections in 1997, and to fully abide by their outcome;

(2) the United States, the OSCE, the international community, nongovernmental organizations, and the private sector should continue to promote the building of democratic institutions and civic society in the Republic of Serbia, help strengthen the independent news media, and press for the Government of the Republic of Serbia to respect the rule of law; and

(3) the normalization of relations between the Federal Republic of Yugoslavia and the United States requires, among other things, that President Milosevic and the leadership of Serbia—

(A) ensure the implementation of free, fair, and honest presidential and parliamentary elections in 1997;

(B) abide by the outcome of such elections; and

(C) promote the building of democratic institutions, including strengthening the independent news media and respecting the rule of law.

SEC. 1715. RELATIONS WITH VIETNAM.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the development of a cooperative bilateral relationship between the United States and the Socialist Republic of Vietnam should facilitate maximum progress toward resolving outstanding POW/MIA issues, promote the protection of human rights including universally recognized religious, political, and other freedoms, contribute to regional stability, and encourage continued development of mutually beneficial economic relations;

(2) the satisfactory resolution of United States concerns with respect to outstanding POW/MIA, human rights, and refugee issues is essential to the full normalization of relations between the United States and Vietnam;

(3) the United States should upgrade the priority afforded to the ongoing bilateral human rights dialog between the United States and Vietnam by requiring the Department of State to schedule the next dialog with Vietnam, and all subsequent dialogs, at a level no lower than that of Assistant Secretary of State;

(4) during any future negotiations regarding the provision of Overseas Private Investment Corporation insurance to American companies investing in Vietnam and the granting of Generalized System of Preference status for Vietnam, the United States Government should strictly hold the Government of Vietnam to internationally recognized worker rights standards, including the right of association, the right to organize and bargain collectively, and the prohibition on the use of any forced or compulsory labor; and

(5) the Department of State should consult with other governments to develop a coordinated multilateral strategy to encourage Vietnam to invite the United Nations Special Rapporteur on Religious Intolerance to visit Vietnam to carry out inquiries and make recommendations.

(b) REPORT TO CONGRESS.—In order to provide Congress with the necessary information by which to evaluate the relationship between the United States and Vietnam, the Secretary shall report to the appropriate congressional committees, not later than 90 days after the enactment of this Act and every 180 days thereafter during fiscal years 1998 and 1999, on the extent to which—

(1) the Government of the Socialist Republic of Vietnam is cooperating with the United States in providing the fullest possible accounting of all unresolved POW/MIA cases and the recovery and repatriation of American remains;

(2) the Government of the Socialist Republic of Vietnam has made progress toward the release of all political and religious prisoners, including but not limited to Catholic, Protestant, and Buddhist clergy;

(3) the Government of the Socialist Republic of Vietnam is cooperating with requests by the United States to obtain full and free access to persons of humanitarian interest to the United States for interviews under the Orderly Departure (ODP) and Resettlement Opportunities for Vietnamese Refugees (ROVR) programs, and in providing exit visas for such persons;

(4) the Government of the Socialist Republic of Vietnam has taken vigorous action to end extortion, bribery, and other corrupt practices in connection with such exit visas; and

(5) the Government of the United States is making vigorous efforts to interview and resettle former reeducation camp victims, their immediate families including, but not limited to, unmarried sons and daughters, former United States Government employees, and other persons eligible for the ODP program, and to give such persons the full benefit of all applicable United States laws including, but not limited to, sections 599D and 599E of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1990 (Public Law 101-167).

SEC. 1716. STATEMENT CONCERNING RETURN OF OR COMPENSATION FOR WRONGLY CONFISCATED FOREIGN PROPERTIES.

The Congress—

(1) welcomes the efforts of many post-Communist countries to address the complex and difficult question of the status of plundered properties;

(2) urges countries which have not already done so to return plundered properties to their rightful owners or, as an alternative, pay compensation, in accordance with principles of justice and in a manner that is just, transparent, and fair;

(3) calls for the urgent return of property formerly belonging to Jewish communities as a means of redressing the particularly compelling problems of aging and destitute survivors of the Holocaust;

(4) calls on the Czech Republic, Latvia, Lithuania, Romania, Slovakia, and any other country with restrictions which require those whose properties have been wrongly plundered by Nazi or Communist regimes to reside in or have the citizenship of the country from which they now seek restitution or compensation to remove such restrictions from their restitution or compensation laws;

(5) calls upon foreign financial institutions, and the states having legal authority over their operation, that possess wrongfully and illegally obtained property confiscated from Holocaust victims, from residents of former Warsaw Pact states who were forbidden by Communist law from obtaining restitution of such property, and from states that were occupied by Nazi, Fascist, or Communist forces, to assist and to cooperate fully with efforts to restore this property to its rightful owners; and

(6) urges post-Communist countries to pass and effectively implement laws that provide for restitution of, or compensation for, plundered property.

DIVISION C—FUNDING LEVELS

SEC. 2001. AUTHORIZATION OF APPROPRIATIONS FOR CERTAIN PROGRAMS.

Subject to section 634A of the Foreign Assistance Act of 1961, there are authorized to be appropriated to the President for fiscal year 1998, \$116,878,000. Amounts made available pursuant to such authorization shall be transferred to and merged with funds made available to accounts authorized to be appropriated by this Act (and amendments made by this Act) that are below the President's fiscal year 1998 request. Amounts transferred and merged under this subsection may not increase an appropriation account above the President's fiscal year 1998 request.

BACKGROUND AND PURPOSE

H.R. 1486, the Foreign Policy Reform Act, represents a bipartisan effort to reform the foreign assistance and other international affairs programs of the United States. While there are still many details to be worked out, the Committee is united in the belief that the United States has a vital role to play in securing peace and prosperity for our country aboard.

In the coming century, America will continue to face serious threats from abroad. Since 1970, India, Pakistan, South Africa and North Korea built nuclear weapons. Iraq, Iran, Syria, Myanmar, North Korea and Libya built large numbers of chemical and biological weapons.

The threat from illicit narcotics from abroad costs our society more than \$67 billion annually in crime, incarceration, health care and lost wages. We need to fight drugs abroad at their source before they reach our streets, infect our schools and destroy future generations.

Americans also depend on the world economy. Up to one-third of all Americans depend directly or indirectly on exports for their family's income. America is the world's number one exporter and our export sector led the economy out of the last recession. Old foreign assistance recipients have become growing U.S. markets. For example, the 25 million people of Central America now buy more American goods than 900 million Indians. Our challenge is to direct assistance programs and policies toward building free markets and democratic societies while retaining the capacity to provide humanitarian aid that reflects the highest American values.

These facts call for an aggressive, engaged foreign policy that builds alliances with our friends while advancing our economic interests and values. The Committee hopes that this bill will begin to lay that foundation by reforming our diplomatic institutions and the assistance programs that back it up.

This bill authorizes funding for the operations and programs of the State Department, Agency for International Development, U.S. Information Agency, and Arms Control and Disarmament Agency. The Committee intends to reduce the level of funding authorized in the bill as necessary to conform to the allocation provided for international affairs programs by the House Budget Committee Chairman.

The Committee is pleased that an amendment will be offered during floor consideration of the bill to abolish and consolidate into the State Department two agencies funded under the bill (the U.S. Information Agency and the Arms Control and Disarmament Agency) and partially consolidate a third such agency (the Agency for International Development) into the Department of State. A similar provision in the Committee's authorization bill during the 104th Congress (H.R. 1561) was bitterly opposed by the Administration and ultimately led the President to veto that bill.

On April 17th of this year, the President changed direction and endorsed a plan to reorganize the foreign affairs agencies of the U.S. Government along the lines suggested in H.R. 1561. The Committee regrets that it took so long for the President to recognize the urgent need to adapt the foreign affairs structure of the U.S. Government to post-Cold War requirements. Now that he has done so, however, the Committee looks forward to implementing a reorganization plan that will streamline decision-making, eliminate overlapping functions, and save money.

COMMITTEE ACTION

DIVISION A

On February 12, 1997, the Full Committee held a hearing on the future of the Overseas Private Investment Corporation (OPIC). Witnesses for this hearing included: Congressman Jim Kolbe; Congressman Robert E. Andrews; Ms. Anne H. Predieri, Director, Project Finance Group, Nationsbanc Capital Markets, Inc.; Mr. Peter Ferrara, General Counsel and Chief Economist, Americans for Tax Reform; and Mr. Peter Bowe, President, Ellicott International.

On February 25, 1997, the Full Committee held a hearing on the Administration's fiscal year 1998 foreign assistance budget request. The witness for this hearing was Administrator Brian J. Atwood, Agency for International Development.

On February 26, 1997, the Full Committee held a hearing on "New Thinking on Foreign Assistance". The witnesses for this hearing included: Hon. Mickey Edwards, Council on Foreign Relations; Hon. Stephen Solarz, Council on Foreign Relations; Mr. David Gordon, Overseas Development Council; Ms. Julia Taft, President, InterAction; and Ms. Carol Lancaster, Assistant Professor, School of Foreign Service, Georgetown University.

On February 26, 1997, the Subcommittee on Asia and the Pacific held a hearing on U.S. policy toward North Korea. The witnesses for this hearing included: Acting Assistant Secretary for East Asian and Pacific Affairs Charles Kartman, Department of State; Deputy Assistant Secretary for East Asian and Pacific Affairs Dr. Kurt Campbell, Department of Defense; Hon. James R. Lilley, Director, Institute for Global Chinese Affairs, University of Maryland; Dr. Roy Richard Grinker, Associate Professor of Anthropology and International Relations, George Washington University; and Dr. Robert A. Manning, Senior Fellow, Progressive Policy Institute.

On March 5, 1997, the Subcommittee on Asia and the Pacific held a hearing on AID activities in Asia and the Central Asian Republics. The witnesses for this hearing included: Assistant Administrator for Europe and the New Independent States Thomas Dine, U.S. Agency for International Development; Deputy Assistant Administrator for Asia Charles Weden, U.S. Agency for International Development; and a panel of private witnesses.

On March 11, 1997, the Full Committee held a hearing on U.S. Assistance to the Newly Independent States for the former Soviet Union. The witnesses for this hearing included: Ambassador Richard Morningstar, Coordinator of U.S. Assistance to the Newly Independent States, Department of State; and Assistant Administrator for Europe and the Newly Independent States Thomas Dine, Agency for International Development.

On March 12, 1997, the Full Committee held a hearing on U.S.-Russian relations. The witness for this hearing was Ambassador-at-Large for the New Independent States James F. Collins, Department of State.

On March 13, 1997, the Full Committee held a hearing on foreign assistance and U.S. foreign policy. The witnesses for this hearing included: Mr. Howard Kohr, Executive Director, American Israel Public Affairs Committee; Mr. Andrew Manatos, President,

Manatos and Manatos; Father Sean McManus, President, Irish National Caucus, Inc.; Mr. C. Payne Lucas, President, Africare; Mr. Sy Taubenblatt, Senior Executive Representative, Bechtel Corp.; Mr. Andrew Natsios, Executive Director, Relief and Development, World Vision; Ms. Anna Stout, Executive Vice President, American League for Exports and Security Assistance; Bishop John Ricard, President and Chairman, Catholic Relief Services; and Mr. Ted Carpenter, Vice President, CATO.

On March 13, 1997, the Subcommittee on Africa held a hearing on the impact of U.S. development assistance in Africa. The witnesses for this hearing included: Assistant Secretary for Africa George Moose, Department of State; Acting Assistant Administrator for Africa Carol Peasley, U.S. Agency for International Development; Hon. Edward DeJarnette, Executive Director, U.S.-Angola Chamber of Commerce; Nicholas Eberstadt, PhD, Visiting Scholar, American Enterprise Institute; Mr. William Ford, President, African Development Foundation; Mr. Michael Maron, journalist/author; and Ms. Carol Lancaster, Assistant Professor, School of Foreign Service, Georgetown University.

On March 18, 1997, the Subcommittee on International Economic Policy and Trade held a hearing on the Overseas Private Investment Corporation. The witnesses for this hearing included: Hon. Ruth Harkin, CEO, OPIC; Mr. Thomas Schatz, President, Citizens Against Government Waste; Mr. Kevin Callwood, Corporate Council on Africa; and Ms. Linda Powers, Senior Vice President, Global Finance, Enron International.

On March 19, 1997, the Subcommittee on Africa held a hearing on "Economic Development of Africa's Natural Resources". The witnesses for this hearing included: Congressman Clay Shaw; Mr. Michael Fay, Project Director, Noubale-Ndoki.

On March 20, 1997, the Full Committee held a hearing the Administration's security assistance request for FY98. The witness for this hearing was Secretary of Defense William Cohen.

On April 10, 1997, the Full Committee held a hearing on U.S. policy toward Egypt. The witnesses for this hearing included: Mr. Robert Satloff, Executive Director, The Washington Institute for Near East Policy; Mr. Abraham Foxman, National Director, Anti-Defamation League; Mr. Joseph Stork, Advocacy Director for Middle East, Human Rights Watch; and Dr. Mamoun Fandy, Professor of Politics, Center for Contemporary Arab Studies, Georgetown University.

DIVISION B

On February 11, 1997, the Full Committee held a hearing on the Administration's international affairs budget for FY98. The witness for this hearing was Secretary of State Madeleine Albright.

On February 26, 1997, the Subcommittee on International Operations and Human Rights held a hearing on Department of State management initiatives. The witness for this hearing was Acting Under Secretary for Management Patrick Kennedy, Department of State.

On March 5, 1997, the Subcommittee on International Operations and Human Rights held a hearing on foreign relations authorization for FY98-99: Arms Control and Disarmament Agency.

The witness for this hearing was Director John D. Holum, U.S. Arms Control and Disarmament Agency.

On March 11, 1997, the Subcommittee on International Operations and Human Rights held a hearing on Foreign Relations Authorization for FY 98–99: Refugees and Migration. The witness for this hearing was Assistant Secretary for the Bureau of Population, Refugees and Migration Phyllis Oakley, Department of State.

On March 13, 1997, the Subcommittee on International Operations and Human Rights held a hearing on the “Foreign Relations Authorization Act for FY 98–99: U.S. Information Agency and the National Endowment for Democracy”. The witnesses for this hearing included: Director Joseph Duffey, U.S. Information Agency; Chairman David Burke, Broadcasting Board of Governors; and Carl Gershman, President, National Endowment for Democracy.

On March 18, 1997, the Subcommittee on International Operations and Human Rights held a hearing on the “Foreign Relations Authorization Act for FY 98–99: International Organizations and Conferences”. The witness for this hearing was Acting Assistant Secretary for the Bureau of International Organization Affairs Princeton Lyman, Department of State. On April 9, 1997, the Full Committee held a hearing on U.N. peacekeeping. The witnesses for this hearing included: Mr. Harold J. Johnson, Associate Director, International Relations and Trade Issues, General Accounting Office; Mr. John Hillen, Defense and Foreign Policy Analyst, Heritage Foundation; and Mr. John Bolton, Senior Vice President, American Enterprise Institute.

On April 10, 1997, the Subcommittee on International Operations and Human Rights held a markup on H.R. 1253, the Foreign Relations Authorization Act for FY 98–99.

On April 17, 1997, the Full Committee held a second hearing on U.N. peacekeeping. The witnesses for this hearing included: Assistant Secretary for International Organizational Affairs Princeton Lyman, Department of State; and Assistant Secretary for Strategy Edward (Ted) L. Warner, Department of Defense.

MARKUP OF THE BILL

H.R. 1486 was introduced by Chairman Gilman on April 29, 1997. The Full Committee marked up the bill in open session, pursuant to notice, on April 30, May 1, and May 6, 1997. On May 6, 1997, a quorum being present, the Committee by voice vote ordered the bill reported to the House with the recommendation that the bill, as amended, do pass.

ROLL CALL VOTES ON AMENDMENTS

In compliance with clause (2)(1)(2)(B) of rule XI of the Rules of the House of Representatives, the record of committee roll call votes on final passage or amendments during the committee’s consideration of H.R. 1486 is set out on the following pages, as is a report of the committee’s final action on the bill.

DESCRIPTION OF AMENDMENT, MOTION, ORDER, OR OTHER
PROPOSITION

Votes during markup of H.R. 1486—April 30

Vote #1 (12:37 p.m.)—Ackerman amendment to strike Section 302 of the introduced bill, relating to assistance to countries which do not vote with the United States in the United Nations.

Voting yes: Houghton, Campbell, Hamilton, Gejdenson, Lantos, Ackerman, Payne, Andrews, Menendez, McKinney, Hastings, Danner, Hilliard, Capps, Sherman, Wexler, Clement, Luther, Davis.

Voting no: Gilman, Goodling, Hyde, Bereuter, Smith, Gallegly, Ballenger, Rohrabacher, King, Kim, Chabot, Sanford, Graham, Blunt, Brady.

Passed 19–15.

Vote #2 (2:34 p.m.)—Hamilton amendment to eliminate drug certification process under the Foreign Assistance Act.

Voting yes: Gilman, Bereuter, Rohrabacher, Campbell, Hamilton, Gejdenson, Lantos, Berman, Ackerman, Faleomavaega, Martinez, Payne, Andrews, Menendez, Brown, McKinney, Hastings, Danner, Hilliard, Capps, Sherman, Rothman, Luther, Davis.

Voting no: Goodling, Smith, Burton, Gallegly, Ballenger, Manzullo, Royce, King, Kim, Chabot, Sanford, Salmon, Fox, McHugh, Blunt, Moran, Brady, Clement.

Passed 24–18.

Vote #3 (3:29 p.m.)—McKinney amendment to require adherence to an arms transfer code of conduct.

Voting yes: Leach, Smith, Rohrabacher, Campbell, Lantos, Berman, Ackerman, Faleomavaega, Martinez, Payne, Andrews, Menendez, Brown, McKinney, Hastings, Danner, Hilliard, Capps, Rothman, Clement, Luther.

Voting no: Gilman, Goodling, Bereuter, Burton, Ros-Lehtinen, Ballenger, Manzullo, Royce, King, Kim, Chabot, Sanford, Salmon, Houghton, McHugh, Graham, Blunt, Moran, Brady, Hamilton, Gejdenson, Sherman, Davis.

Failed 21–23.

Vote #4 (4:25 p.m.)—Royce substitute to Payne amendment restricting assistance to Morocco.

Voting yes: Bereuter, Smith, Ballenger, Rohrabacher, Manzullo, Royce, Chabot, Salmon, Houghton, Faleomavaega, Martinez, Payne, Andrews, Menendez, Brown, McKinney, Hilliard, Clement.

Voting no: Gilman, Burton, Ros-Lehtinen, King, Sanford, Campbell, McHugh, Graham, Blunt, Moran, Brady, Hamilton, Gejdenson, Lantos, Hastings, Sherman, Rothman, Luther, Davis.

Failed 18–20.

Votes During markup of H.R. 1486—May 1

Vote #1 (1:15 p.m.)—Campbell amendment to Houghton amendment on African Development Fund. The Campbell amendment would have required, rather than permitted, a transfer of resources to the Fund.

Voting yes: Sanford, Campbell, Gejdenson, Lantos, Ackerman, Payne, Menendez, Brown, McKinney, Hastings, Hilliard, Capps, Sherman, Luther, Davis.

Voting no: Gilman, Bereuter, Smith, Ballenger, Rohrabacher, Manzullo, Royce, Kim, Houghton, Fox, McHugh, Blunt, Brady, Hamilton, Berman, Danner, Wexler, Rothman, Clement.

Failed 15–19.

Vote #2 (2:56 p.m.)—Campbell amendment transferring aid from Egypt and Israel to Africa.

Voting yes: Ballenger, Rohrabacher, Sanford, Campbell, Payne, Brown, McKinney, Hilliard, Luther.

Voting no: Gilman, Hyde, Bereuter, Smith, Burton, Manzullo, Royce, King, Kim, Chabot, Salmon, Houghton, Fox, McHugh, Graham, Blunt, Moran, Brady, Hamilton, Gejdenson, Berman, Ackerman, Martinez, Menendez, Hastings, Danner, Capps, Sherman, Wexler, Rothman, Clement, Davis.

Failed 9–32.

Vote #3 (3:09 p.m.)—Sherman perfecting amendment to the Burton substitute to original Sherman amendment providing for assistance to residents of Nagorno-Karabakh.

Voting yes: Hamilton, Gejdenson, Berman, Ackerman, Martinez, Menendez, Brown, McKinney, Hastings, Capps, Sherman, Rothman, Luther, Davis.

Voting no: Gilman, Hyde, Bereuter, Smith, Burton, Ballenger, Rohrabacher, Manzullo, King, Kim, Chabot, Sanford, Salmon, Houghton, Campbell, Fox, McHugh, Graham, Moran, Brady, Danner, Hilliard, Clement.

Failed 14–23.

Vote #4 (4:10 p.m.)—Hyde amendment to Rohrabacher amendment (relative to assistance to Russia if it provided certain assistance to China) permitting the President to waive the restrictions in certain circumstances.

Voting yes: Gilman, Hyde, Bereuter, Smith, Ballenger, King, Houghton, Fox, McHugh, Hamilton, Gejdenson, Lantos, Ackerman, Martinez, Payne, Menendez, Hastings, Capps, Sherman, Clement, Luther, Davis.

Voting no: Burton, Rohrabacher, Manzullo, Royce, Kim, Chabot, Sanford, Salmon, Campbell, Graham, Brady, Brown, McKinney, Rothman.

Passed 22–14.

Votes during markup of H.R. 1486—May 6

Vote #1 (7:35 p.m.)—Campbell amendment on family planning (relaxing restrictions in the introduced bill relative to funding for the UN Population Fund)

Voting yes: Gilman, Leach, Houghton, Campbell, Hamilton, Gejdenson, Lantos, Berman, Ackerman, Martinez, Payne, Menendez, Brown, McKinney, Hastings, Hilliard, Capps, Sherman, Wexler, Rothman, Clement, Luther, Davis.

Voting no: Goodling, Hyde, Bereuter, Smith, Ros-Lehtinen, Ballenger, Rohrabacher, Manzullo, Royce, King, Chabot, Sanford, Fox, Blunt, Moran, Brady.

Passed 23–16.

Vote #2 (8:09 p.m.)—Sanford amendment cutting funding in each account in the bill to its FY 96 level.

Voting yes: Goodling, Ballenger, Rohrabacher, Royce, Chabot, Sanford, Salmon, Campbell, Graham, Blunt, Moran, Brady.

Voting no: Gilman, Bereuter, Smith, Burton, Ros-Lehtinen, King, Houghton, Fox, McHugh, Hamilton, Gejdenson, Lantos, Berman, Ackerman, Martinez, Payne, Menendez, Brown, McKinney, Hastings, Danner, Hilliard, Capps, Sherman, Wexler, Rothman, Clement, Luther, Davis.

Failed 12–39

Vote #3 (8:24 p.m.)—Sanford amendment cutting funding in each account in the bill to its FY 97 level.

Voting yes: Goodling, Burton, Ballenger, Rohrabacher, Royce, Chabot, Sanford, Salmon, Campbell, Graham, Blunt, Moran, Brady.

Voting no: Gilman, Bereuter, Smith, Ros-Lehtinen, King, Houghton, Fox, McHugh, Hamilton, Gejdenson, Lantos, Berman, Ackerman, Martinez, Payne, Menendez, Brown, McKinney, Hastings, Danner, Hilliard, Capps, Sherman, Wexler, Rothman, Clement, Luther, Davis.

Failed 13–28.

Note: The bill was ordered reported favorably, amended, by voice vote, a quorum being present, on May 6, 1997.

SECTION-BY-SECTION ANALYSIS

DIVISION A—INTERNATIONAL AFFAIRS AGENCY CONSOLIDATION, FOREIGN ASSISTANCE REFORM AND FOREIGN ASSISTANCE AUTHORIZATIONS

Title I—General Provisions

Sec. 101.—Short Title. This section provides that Division A may be cited as the “Foreign Assistance Reform Act of 1997”.

Sec. 102.—Declaration of Policy. This section includes a congressional declaration that (1) U.S. leadership overseas must be maintained, (2) foreign assistance programs support that leadership and (3) these programs must be reformed to take advantage of opportunities in the 21st century.

Title II—Consolidation of Certain Foreign Assistance Agencies

Title II of Division A provides for the consolidation of certain foreign assistance agencies, including the International Development Cooperation Agency. Section 1707 of the Bill calls for the Secretary of State, after consultations with the appropriate committees, to submit a plan to the Congress to consolidate some or all of the functions currently performed by the Department of State, the Agency for International Development, and the Arms Control and Disarmament Agency. The Committee is aware that the President announced on April 18, 1997, a plan to integrate certain agencies and functions into the Department of State. The Committee is prepared to work with the Administration to streamline and consolidate the foreign affairs agencies of the US Government and expects the administration to consult with the Committee about a more comprehensive approach to this issue that will be offered during consideration of this measure on the House floor.

Chapter 1—General Provisions

Sec. 201.—Short Title. This section provides that the title may be cited as the “International Affairs Agency Consolidation Act of 1997”.

Sec. 202.—Definitions. This section defines “USAID” as the “United States Agency for International Development”, “federal agency” under 5 U.S.C. 551(1), and “function” as any duty, obligation, power, authority, responsibility, right, privilege, activity or program.

Chapter 2—United States International Development Cooperation Agency

Subchapter A—Abolition of United States International Development Cooperation Agency and Transfer of Functions to United States Agency for International Development

Sec. 211.—Abolition of United States International Development Cooperation Agency. Subsection (a) abolishes the International Development Cooperation Agency (“IDCA”). Until 1979, AID and its Administrator served under the direction of the Secretary of State. IDCA was formed during the Carter Administration to boost the attention paid to international development and trade issues. IDCA’s Director reported to the President directly.

IDCA only served as an independent entity during the tenure of its first Director. Since then, the Administrator of AID also served as the Director of IDCA. IDCA quickly became an empty shell of an office whose sole benefit was to permit the AID Administrator, as the Director of IDCA, to report directly to the President, instead of the Secretary of State.

The bill would return AID’s management and reporting responsibilities to their status prior to the 1979 Executive Order that established IDCA.

Subsection (b) makes conforming amendments that nullify:

- (1) the reorganization plan number 2 of 1979,
- (2) parts of Executive Order 1263,
- (3) the IDCA Delegation of Authority Numbered 1 (except for section 1–6), and
- (4) section 3 of Executive Order 12884 that created and defined IDCA.

Subsection (c) makes these changes effective six months following enactment of this Act.

Sec. 212.—Transfer of Function to United States Agency for International Development. Subsection (a) transfers all of the functions and other responsibilities of IDCA’s Director to the Administrator of AID. Subsection (b) makes this transfer effective six months following the enactment of this act.

Sec. 213.—Transition Provisions. Subsection (a) transfers all personnel, property and records of IDCA to AID as the Director of the Office on Management and Budget shall provide. Any unexpended balance under IDCA is also transferred to AID as the Office of Management and Budget (“OMB”) may decide, provided that these balances may be expended only for the purposes for which the appropriation was made.

Subsection (b) provides that the Director of the OMB shall provide for terminating the affairs of IDCA.

Subchapter B—Continuation of the United States Agency for International Development and Placement of Administrator of Agency under the Direction of the Secretary of State

Sec. 221.—Continuation of United States Agency for International Development and Placement of Administrator of Agency under the Direction of the Secretary of State. Subsection (a) provides that AID shall continue as an agency of the federal government after the abolition of IDCA.

Subsection (b) places the Administrator of AID at the head of this agency and “under the direction of the Secretary of State”. Under this subsection, the Administrator of AID shall report to the Secretary of State on all matters concerning the administration of the agency and implementation by that agency of the programs under the Foreign Assistance Act, annual appropriations acts and other statutes imposing requirements on the Agency.

Subsection (c) provides that other officers of AID shall continue to exercise their functions without the need for reappointment by the President or reconfirmation by the Senate.

Sec. 231.—Conforming Amendments. This section makes a number of conforming amendments to Titles 5, 26, and 49 of the U.S. Code, the Inspector General Act of 1978, the International Security and Development Cooperation Act of 1980, the State Department Basic Authorities Act of 1956, the Foreign Service Act of 1980, and the Export Administration Act of 1979 to remove references to IDCA and its Director, replacing them with references to AID and its Administrator.

Sec. 232.—Other References. This section provides that any references that are made to IDCA or its Director are deemed to refer to AID and its Administrator.

Sec. 233.—Effective Date. This subchapter shall take effect six months after the enactment of this Act.

Title III—Foreign Assistance Reform

Sec. 301.—Graduation from Development Assistance. This section makes two significant changes to current law. First, while the President regularly publishes a Congressional Presentation Document (“CPD”) that justifies his annual budget request, subsection (a) now formally requires the President to publish a CPD covering programs under the Foreign Assistance Act (“FAA”) and the Arms Export Control Act (“AECA”) as part of the annual request for the enactment by Congress of authorizations and appropriations for foreign assistance programs.

The Committee was disappointed in the Administration’s failure to request a foreign assistance authorization bill during the 104th Congress. This failure to request a bill contributed to the inability of the Congress and the Administration to find common ground on foreign assistance authorization matters.

During this Congress, the Committee was pleased by the Administration’s tacit acceptance of the draft foreign assistance measure that became the foundation of this bill. The Committee expresses its appreciation to the current Administrator of AID, J. Brian At-

wood, for laying the foundation for cooperation between the Administration and the Congress on this legislation.

In the 106th Congress, the Committee directs the Administration to return to its practice of submitting requests for foreign assistance authorization legislation to the Congress. The Committee directs that the Administrator should report to the International Relations Committee and the Foreign Relations Committee on the outlines of this request no later than January 15, 1999.

Subsection (b) details the materials to be included in the CPD, including the “rationale and direct U.S. national interest” served by the funding request, a description of how each program or contribution supports the objectives of the FAA or AECA, a description of the planned country, regional or centrally-funded programs or contributions to international organizations and programs for the coming fiscal year.

The Committee notes that the CPD has proved of little use in the presentation or management of the foreign assistance program. Under the mandate provided by this section and the Government Performance and Results Act (“the Results Act”), the Administration shall have an opportunity to improve the presentation of the foreign assistance program budget request in the CPD to highlight: (1) clarity, (2) objectives, and (3) results.

This subsection also continues the “Green Book” requirement for reporting the number of years and total bilateral and multilateral funding (including loans and guarantees) provided under the FAA or AECA for each recipient country since 1946. The Committee notes that the Green Book report details many countries that have received foreign assistance for many, if not all of the years since 1946. By implementing the subsection described below and the Results Act, the Committee expects that the Administration will put forward plans that do not provide for continued traditional development assistance beyond 2026—the 80th anniversary of the modern foreign assistance program. Conversely, the Committee expects that security, relief and emergency aid of some kind will always be necessary tools of future U.S. Presidents.

Subsection (c) contains language passed by the House in the 104th Congress as part of H.R. 1561. This provision (the “Hyde Amendment”) requires the President to make a determination for each country for which bilateral development assistance is requested for the coming fiscal year. This determination shall estimate the year in which the country will no longer receive bilateral development assistance. As required by the bill, these dates will be included in the CPD submitted as part of the budget. The Committee directs that the CPD, including these dates, be submitted in unclassified form.

Finally, subsection (c) defines “Development Assistance” as assistance under the FAA’s Development Assistance (Chapter 1, part 1), Development Fund for Africa (Chapter 10), FREEDOM Support aid for the former Soviet Union (Chapter 11), and SEED Act funding for Eastern Europe.

Sec. 302.—Limitation on Government-to-Government Assistance. An early version of this language passed the House during the last Congress as part of H.R. 1561. It has been heavily modified. In March of 1995, the Vice President committed the U.S. to provide

40 percent of AID's funding through Private and Voluntary Organizations ("PVOs"). Under subsection (a), the Congress recommends that the President provide "an increasing level allocated to cooperatives and PVOs" since fiscal year 1995.

Subsection (b) defines "private and voluntary organization" as a private, non-governmental organization which:

- (1) is organized under the laws of a country,
- (2) received funds from private sources,
- (3) operates on a not-for-profit basis with tax-exempt status (if applicable),
- (4) is voluntary in that it received voluntary contributions of money, time or in-kind support from the public, and
- (5) is engaged or intends to be engaged in voluntary, charitable, development or humanitarian assistance activities.

Subsection (c) requires AID to submit a report to the Congress on the amount of funding being channeled through PVOs. The report should use FY95 as a baseline and should report to the Congress on how the Agency will comply with the Vice President's commitment that 40% of U.S. grants and contracts will be channeled through NGOs. This should include assistance to the Newly Independent States, Eastern Europe and the Economic Support Fund.

Sec. 303.—Micro- and Small Enterprise Development Credits. Sections 303 and 304 contain a modified version of the text of the Microenterprise Act (H.R. 3546) that passed the House and was reported favorably by the Senate Foreign Relations Committee during the second session of the 104th Congress.

Section 304 replaces the current law's section 108 of the FAA that governed the Private Sector Revolving Fund. This funding section became outdated following the 1990 enactment of the Credit Reform Act.

Under subsection (a), Congress makes certain findings supporting micro- and small enterprise and cooperative development programs.

Subsection (b) authorizes the President to provide assistance to micro- and small enterprises lacking full access to credit through:

- (1) loans and guarantees,
- (2) training programs for lenders, and
- (3) training programs for micro- and small entrepreneurs.

Subsection (c) authorizes \$1.5 million for FY 1998 and FY 1999 to provide loans and guarantees and \$500,000 in each of those fiscal years for the training of lenders and entrepreneurs. These amounts are available until expended.

Sec. 304.—Microenterprise Development Grant Assistance. Section 304 authorized loans, guarantees and training. This section governs grants to micro- and small enterprise activities to be made out of Development Assistance, FREEDOM Support, and SEED Act funds. It adds a new section to the FAA, section 108A, which authorizes AID to provide grant assistance for credit and other assistance for microenterprises in developing countries.

Subsection (a) directs assistance through U.S. and indigenous PVOs, credit unions, cooperative development organizations and other governmental and non-governmental organizations. Under this subsection, approximately one-half of credit assistance shall be used for poverty lending. The Committee directs AID develop ac-

counting systems carefully for credit assistance used for poverty lending with special accounting to keep track of loans made under \$300.

This lending (1) shall meet the needs of the very poor members of society, particularly poor women and (2) should provide loans of \$300 or less in 1995 U.S. dollars. The subsection also recommends that the AID Administrator support technical support for field missions, strengthen intermediary organizations and share information.

Subsection (b) directs the Administrator to establish, in accordance with the Results Act, a monitoring system that establishes performance goals, performance indicators, and recommendations for adjusting assistance to enhance performance and the impact on the very poor, especially women. Given the enactment and implementation of the Results Act, the Committee believes these actions are already required under current statute.

Sec. 305.—Private Sector Enterprise Funds. Section 305 passed the House during the 104th Congress as part of H.R. 1561. This section authorizes the establishment of enterprise funds to support private sector growth using the model of the SEED Act.

Currently, the President has the authority to establish enterprise funds in Eastern Europe and the former Soviet Union. While the record of some of these Funds leaves considerable room for improvement, the Committee supports the general concept of Enterprise Funds as a way to move the foreign assistance program away from outdated government-to-government aid to aid that directly helps build a private sector, wealth-producing economies.

Subsection (a) authorizes the establishment of new enterprise funds as a way of fostering private sector development. Given the importance of private sector development, funds may be made available for such Funds notwithstanding any other provision of law except sections 502B (dealing with human rights) and 490 (dealing with anti-narcotic activities).

Subsection (b) makes any country eligible for assistance under part I of the FAA for a Fund to be established under the terms provided in the SEED Act for Poland and Hungary. Should the President wish to establish Funds in SEED or FREEDOM Support countries, he would have to use the authorities of those Acts.

Subsection (c) sets the authorities under the SEED Act for Polish and Hungarian Funds as the model for establishing new enterprise funds.

Subsection (d) requires annual reports from such Funds. Subsection (e) allows funding for these Funds to come from the Development Assistance, Development Fund for Africa or ESF accounts. Funding from the Development Fund for Africa may only support enterprise funds in Africa.

Sec. 306.—Development Credit Authority. Section 306 adds a new section 107A to the Foreign Assistance Act of 1961, and is intended to reform development credit assistance authorities and broaden the Administrator's authority to finance development assistance with credit authority under the credit reform rules of the Federal Credit Reform Act of 1990.

The general authority to use credit assistance for any of the purposes of part 1 of the Act is not intended to change the economic

assistance priorities and objectives of the Act. Such authority merely will allow for more rational choices about the appropriate funding tools—be they loans, loan guarantees or grants.

Subsection 107A (a) authorizes the use of loans, loan guarantees and other forms of credit to meet development assistance goals where the borrowers are deemed “sufficiently creditworthy” and the development purposes can be achieved. The Committee is concerned that AID has not yet boosted its credit review and management capabilities to fully implement this new authority. The Committee has received assurances from AID and OMB that this authority will not be exercised until those capabilities are sufficient to ensure the prompt and full payment of any loans or guarantees made under this section.

Subsection 107 (b) indicates priority sectors for the use of credit assistance including the micro-enterprises, small businesses and urban, energy and environmental sectors. The new omnibus credit authority is called the “Development Credit Authority”.

Subsection 107 (c) authorizes the transfer of \$13 million made available under Development Assistance, Development Fund for Africa, SEED and ESF funds to pay for the costs of credit activities under this section as the term “costs” is defined in the Federal Credit Reform Act of 1990. Such funds, once appropriated to a particular geographic region, must be used in the same region. Congressional notifications are required in advance of the transfer of funds under this section. Up to \$1,500,000 of the \$13,000,000 in funds authorized to be transferred may be used for administrative expenses. In addition, to cover administrative expenses of implementing guarantees already issued or outstanding under Sections 221–223 of the Act, \$6,000,000 is authorized to be appropriated in each of the next two fiscal years.

Subsection 107A (d) contains general provisions applicable to the new Development Credit Authority. Included in subparagraph (5) is the requirement that AID’s Administrator determine that a loan has a “reasonable” prospect for repayment. By “reasonable”, the Committee defines the terms as “commercially” reasonable, i.e., standards a private sector lender would use and not generally “reasonable” under which many government loans have not been repaid.

Included in subparagraph (6) are provisions for determining the true cost of credit activities for purposes of assuring under the Federal Credit Reform Act that credit assistance is managed on a sound financial basis. The cost of sovereign risk assistance, i.e., loans to foreign governments, will be estimated using the same system (Interagency Country Risk Assessment System) used by all Executive Branch agencies and departments.

The costs of non-sovereign risk assistance, i.e., lending to private sector and other entities that are not governments, will be determined exclusively by reference to the policies and practices of private sector financial institutions. The Administrator shall consult with United States private sector debt-rating institutions prior to establishing risk assessment standards and methodologies. The Committee expects AID to adhere to the recommendations of the private sector debt-rating institutions extremely closely.

The Committee is concerned about lending to private sector and other non-governmental entities where the assessment of risk and costs of loans and guarantees is more difficult. Therefore, in addition, in non-sovereign risk situations where the role of public sector financial institutions is greater than 49% in the anticipated financing (i.e., real private sector lenders are not the majority party and governments are driving the transaction), the Administrator is required to use the cost and risk assessment of the principal private sector co-financiers (including risk, interest rates, fees, security arrangements, etc.) and establish the true cost of credit assistance under this section in a manner that exactly reflects their behavior. The Committee expects that AID will not provide any credits or guarantees to non-sovereign parties without true private sector co-financiers. A true private sector co-financier is one that is owned and controlled by at least 51% private interests. Should the Committee find that AIDE is providing loans or guarantees to non-sovereign parties without private co-financing, the Committee will use its notification power to block such transactions prior to deleting this authority in future legislation.

The Committee also understood that \$3 million of the authorized \$13 million would be for the Urban and Environment Program.

Sec. 307.—Foreign Government Parking Fines. A version of section 307 passed the House in the 104th Congress as part of H.R. 1561. Similar sections are regularly part of annual appropriations acts. This section adds New York City to the list of jurisdictions covered under this section.

This section adds a new section to the prohibitions section of the FAA to require the Secretary of State to withhold 110 percent of the unpaid fully adjudicated parking fines owed to the District of Columbia, Virginia, Maryland, New York and New York City. This section will take effect at the end of fiscal year 1998 and would apply to any fiscal year thereafter.

Section 308.—Withholding United States assistance to countries that aid the government of Cuba. Section 308 requires the President to withhold assistance under the Foreign Assistance Act of 1961 to any foreign government that provides economic, development, or security assistance for, or engages in nonmarket based trade with, the government of Cuba. “Nonmarket based trade” is specifically defined in the section. The President may waive this provision if it is important to the national security of the United States. The Committee expects that the Executive Branch will apply this section vigorously and will consult with the Committee as it makes determinations under this section.

Title IV—Defense and Security Assistance

Chapter 1—Narcotics Control Assistance

Sec. 401.—Authorization of Appropriations. Section 401 authorizes \$230 million for each of fiscal year 1998 and 1999 for international narcotics control purposes. This fully funds the President’s request for fiscal year 1998.

Sec. 402.—Additional Requirements Relating to Assistance. Section 402(a) amends the type of assistance cut off in the case of decertifying a country under the International Narcotics Control

chapter of the Foreign Assistance Act. Section 402(a) excludes from the definition of assistance that is cut off: (1) International Military Education and Training (IMET); and (2) sales or financing provided for narcotics-related assistance under the Arms Export Control Act following notification in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act. Section 402(b) provides that these changes will be effective on or after the date of enactment of this Act.

Under current law, U.S. assistance to a major drug trafficking or producing country is cut off if the President does not certify that country as cooperating fully with the United States, or taking adequate steps on its own, to achieve full compliance with the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and does not provide a vital national interest waiver. IMET and FMF financing as well as sales under the FMS program are among the types of assistance that are cut off.

The certification law as written can create a “Catch 22” situation for a nation decertified without a national interest waiver: counter narcotics-related military assistance and training is denied to the security forces in a decertified country despite the fact that such assistance can, in some instances, be critical to the efforts of a country to meet the criteria and objectives of the law in order to be subsequently certified a year later.

As an example, in Colombia today the U.S. cannot provide FMF or sell defense articles and services under the FMS program or provide IMET assistance to this key ally in the fight against drugs without using a section 614 waiver. In particular, the prohibition on sales under the FMS program has made it very cumbersome to maintain adequately the numerous pieces of U.S. military equipment previously granted or sold to the Colombian security forces. In addition current law prohibits funds from the Department of State’s counternarcotics account from being used to provide lethal assistance (e.g. ammunition and armaments).

Under this provision, the President is no longer precluded from providing FMF, FMS or IMET counternarcotics-related assistance. It is the Committee’s view that such assistance should be provided to a decertified country’s security forces if the lack of such assistance is undermining that country’s efforts to meet U.S. and international counter narcotic goals. It is the view of the Committee that this is the case with respect to Colombia and therefore the Committee expects the President to provide such assistance to Colombia upon enactment of this Act.

Sec. 403.—Authority to Withhold Bilateral Assistance and Oppose Multilateral Development Assistance for Major Illicit Drug Producing Countries, Drug-Transit Countries, and Money Laundering Countries. Section 403 rewrites section 490 of the Foreign Assistance Act. It repeals the requirements in current law (1) to certify annually to the Congress whether or not major drug producing and drug transiting countries have cooperated fully with U.S. anti-drug efforts during the previous year; and (2) to impose sanctions automatically against decertified countries unless the President certifies to the Congress it is vital to the national interest not to impose sanctions.

Section 403(a) amends Section 490(a) of the Foreign Assistance Act to state that for every country required to be identified in the International Narcotics Control Strategy Report under Section 489(a)(3) of the Foreign Assistance Act, the President must, to the extent the President considers it necessary to achieve the purposes of the International Narcotics Control chapter of the Foreign Assistance Act, take one or more of the following actions: (1) withhold from obligation and expenditure any or all U.S. assistance allocated each fiscal year for each such country; (2) instruct the Secretary of the Treasury to instruct the U.S. Executive Director of each multilateral development bank to vote, on or after March 1 of each year, against any loan or other utilization of the funds of their respective institution to or for any such country.

Section 403(a) then amends Section 490(b) of the Foreign Assistance Act to require that in determining whether to take one or more of these actions, the President must consider the extent to which (1) the country has met the goals and objectives of the U.N. Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances; accomplished the goals described in an applicable bilateral narcotics agreement with the United States or a multilateral agreement; reached agreement or is negotiating in good faith to reach agreement, to ensure that banks and other financial institutions of the country maintain adequate records of large U.S. currency transactions; reached agreement, or is negotiating in good faith to reach agreement, to establish a mechanism for exchanging adequate records on international currency transactions in connection with narcotics investigations and proceedings; and taken legal and law enforcement measures to prevent and punish public corruption, especially by senior government officials, that facilitates the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances, or that discourages the investigation or prosecution of such acts. The President also must consider the extent to which (2) such actions will promote the purposes of the International narcotics Control chapter of the Foreign Assistance Act and affect other U.S. national interests.

Section 403(a) next amends Section 490(c) of the Foreign Assistance Act by requiring the President to consult with the Congress on the status of counter narcotics cooperation between the United States and each major illicit drug producing country, major drug transit country, or major money laundering country. The purpose of these consultations are to facilitate improved discussion and understanding between the Congress and the President on U.S. counter narcotics goals and objectives with regard to the identified countries. To carry out such consultations, the section requires that the President or senior officials the President designates, meet with Members of Congress four times a year for discussion and consultations and whenever time sensitive issues arise.

Finally, Section 403(a) defines the term "multilateral development bank" to mean the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the European Bank for Reconstruction and Development.

Section 403(b) makes certain conforming amendments.

Chapter 2—Nonproliferation, Antiterrorism, Demining and Related Programs

Sec. 411.—Nonproliferation, Antiterrorism, Demining and Related Programs. Section 411 establishes a new account under which funds are authorized for the Nonproliferation and Disarmament Fund (NDF), antiterrorism, demining, the International Atomic Energy Agency (IAEA) and the Korean Energy Development Organization (KEDO). The section authorizes \$110 million for fiscal year 1998 and \$111 million for fiscal year 1999. Each program within the account is authorized at the Administration's requested level for fiscal year 1998 except for demining activities which is funded at \$10 million for each fiscal year. It is the Committee's intent to secure additional resources to fully fund the Administration's request for demining activities.

With respect to the Nonproliferation and Disarmament Fund (NDF), it is the intent of the Committee to narrow the purposes for use of this fund. Specifically, while the Committee strongly supports the activities of the NDF and is generally pleased with its work, funds in the NDF may no longer be used for defense conversion. Additionally, the Committee urges that the NDF funds be utilized for projects and activities other than seminars and conferences. Further, in view of the Committee's long-standing position that the NDF should be utilized to address world-wide proliferation problems, the rewritten NDF authority now requires a national interest waiver to use funds for nonproliferation activities in the former Soviet Union (FSU). In putting into place such a waiver, the Committee expects it to be used sparingly; it is the Committee's expectation that the clear majority of the funds made available to the NDF will be used to support projects and activities outside of the FSU, since other funds are available for the FSU through the Cooperative Threat Reduction (CTR) program.

This section also specifically prohibits amounts made available for the NDF from being used to implement U.S. obligations, including assessed costs and voluntary contributions, pursuant to bilateral or multilateral arms control treaties or nonproliferation accords, including the payment of salaries or expenses. In short the NDF may not be used to pay for shortfalls in funding for assessed costs or voluntary contributions for arms control treaties or nonproliferation accords, or for "PrepCom" type activities, or costs to host review conferences, etc. It should be clear that the purpose of this prohibition is not to prohibit activities that are consistent without treaty obligations but rather only to prohibit the NDF as the source of funding for such activities.

This section further stipulates that not less than \$15 million shall be available for each of fiscal years 1998 and 1999 to carry out the purposes of the NDF. The Committee further directs, that of these amounts, not more than \$5 million in fiscal year 1998 and \$3 million in fiscal year 1999 may be used for export control programs. Further this section repeals section 504 of the FREEDOM Support Act which was previously the authority for the NDF.

With respect to export control programs, the Committee believes that over the long-run the NDF should not serve as the source of funding for export control programs and therefore has imposed ceilings on the amount of NDF funds that may be used for these pro-

grams. Nonetheless, the Committee believes that the world-wide improvement of export controls is an important priority for U.S. nonproliferation policy. Therefore, the Committee directs the Administration to devise a long-term program to fund U.S. efforts to improve such export controls. The State, Commerce, and Defense Departments (and other relevant agencies) shall agree to a program that balances their expertise and financial obligations, so that funding and responsibility for export controls do not continue to be a topic of bureaucratic friction.

Of the sums authorized to be appropriated for demining activities in this section, it is the intent of the Committee that part of these funds shall be available to fund demining activities in Central America under the auspices of the Organization of American States (OAS). The Committee recognizes the important contribution being made by the OAS and the Inter-American Defense Board in training indigenous armed forces in the effective and safe removal of land mines from areas of past conflict in rural Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

The Committee is encouraged that a number of private voluntary organizations (PVOs) are initiating and implementing mine action programs in some of the most heavily-mined countries. The Committee recognizes the importance of these programs and their integral relationship to the successful rehabilitation, resettlement and long-term development of communities after the cessation of conflict.

The Committee supports use of the funds authorized for demining activities for humanitarian mine action and demining programs of private voluntary organizations (PVOs), including programs in mine awareness and education, mapping and marking, and the training of deminers and mine clearance efforts.

The Committee has authorized \$30 million for each of the fiscal years 1998 and 1999 for the Korean Peninsula Energy Development Organization (KEDO) which the Administration has identified as a high priority. Such funds are limited to the provision of heavy fuel oil and administrative expenses of KEDO associated with the implementation of the Agreed Framework.

The Committee believes that full funding should be supplied for KEDO in order to support continued implementation of the Agree Framework. Full funding for KEDO at this juncture also sends an important signal of continued U.S. support to our allies—South Korea and Japan—as they determine whether to provide funds to begin construction of the light water reactors promised under the Agreed Framework.

Chapter 3—Foreign Military Financing Program

Sec. 421.—Authorization of Appropriations. Section 421 authorizes \$3,318,000,000 for fiscal year 1998 and \$3,274,250,000 for fiscal year 1999 for both grant and loan Foreign Military Financing (FMF) under section 23 of the Arms Export Control Act. The FY98 recommendation is \$7.25 million below the Administration's request (\$15 million has been transferred from FMF to the new account established in Chapter 2). The Committee has not fully funded the following FMF accounts: the Enhanced International Peacekeeping Initiative (funded at \$2 million); the African Crisis Re-

response Initiative (funded at \$3 million); East Africa Regional (funded at \$4.75 million).

Sec. 422.—Assistance for Israel. Section 422 earmarks \$1.8 billion in grant Foreign Military Financing (FMF) under section 23 of the Arms Export Control Act for Israel for each of fiscal years 1998 and 1999. Terms of assistance are identical to previous years, i.e., expedited disbursement, and \$475 million may be used by Israel for offshore procurement for advanced weapons systems. This fully funds the President's request for fiscal year 1998.

Sec. 423.—Assistance for Egypt. Section 423 earmarks \$1.3 billion in grant Foreign Military Financing (FMF) under section 23 of the Arms Export Control Act for Egypt for each of fiscal years 1998 and 1999. This fully funds the President's request for fiscal year 1998.

Sec. 424.—Authorization of Assistance to Facilitate Transition to NATO Membership under the NATO Participation Act of 1994. Section 424 earmarks \$50,900,000 for grant and loan Foreign Military Financing (FMF) under section 23 of the Arms Export Control Act pursuant to the authorities of the NATO Participation Act of 1994 for Poland, Hungary, the Czech Republic and Slovenia for each of fiscal years 1998 and 1999. In each fiscal year the Committee intends that \$30.9 million be utilized for grant military assistance (allocated among the four countries at the levels requested by the President) and \$20 million for the subsidy costs to support a direct military assistance loan program.

It is the Committee's intent that the \$39.1 million in FMF be used to support the Partnership for Peace program. Combined with the \$50.9 million authorized under this section, this fully funds the President's request for fiscal year 1998 for military assistance to Central and Eastern Europe.

Sec. 425.—Loans for Greece and Turkey. Section 425 authorizes not more than \$12,850,000 in fiscal year 1998 for Foreign Military Financing (FMF) under section 23 of the Arms Export Control Act for the subsidy cost to support a direct military assistance loan program for Greece of \$122.5 million and not more than \$33,150,000 in fiscal year 1998 for the subsidy cost to support a direct military assistance loan program for Turkey of \$175 million. This fully funds the President's request for fiscal year 1998.

No military assistance loans for Greece or Turkey are authorized for fiscal year 1999.

Sec. 426.—Limitation on Loans. Section 426 prohibits any Foreign Military Financing (FMF) under section 23 of the Arms Export Control Act from being available for the subsidy costs for direct military assistance loans in fiscal year 1999 to any country which has a Inter-Agency Country Risk Assessment Systems (ICRAS) rating of less than grade C-. It is the Committee's understanding that the Defense Security Assistance Agency had in place a long standing policy, which was waived for FY97, to prohibit military assistance loans to any country with below a C-ICRAS rating. This section would statutorily impose such a limitation effective in fiscal year 1999.

Sec. 427.—Administrative Expenses. Section 427 authorizes \$23,250,000 for Foreign Military Financing (FMF) under section 23 of the Arms Export Control Act for the necessary expenses for the

general costs to administer military assistance and sales programs. This fully funds the President's request for fiscal year 1998.

Chapter 4—International Military Education and Training

Sec. 431.—Authorization of Appropriation. Section 431 authorizes \$50,000,000 for each of fiscal years 1998 and 1999 for the International Military Education and Training (IMET) program. This fully funds the President's request for fiscal year 1998.

Sec. 432.—IMET Eligibility for Panama and Haiti. Section 432 makes Panama and Haiti eligible for IMET assistance.

Chapter 5—Transfer of Naval Vessels to Certain Foreign Countries

Sec. 441.—Authority to Transfer Naval Vessels. Section 441 grants the Secretary of the Navy the authority to transfer by sale 14 ships to 8 countries—Brazil (1 “HUNLEY” class submarine tender), Chile (1 “KAISER” class oiler), Egypt (3 “KNOX” class frigates and 3 “PERRY” class frigates), Israel (1 “NEWPORT” class tank landing ship), Malaysia (1 “NEWPORT” class tank landing ship), Mexico (1 “KNOX” class frigate), Taiwan (2 “KNOX” lass frigates), and Thailand (1 “NEWPORT” class tank landing ship). The sale of these ships will increase the assets of the U.S. Treasury by \$162.6 million.

Sec. 442.—Cost of Transfers. This section provides that any cost associated with transferring ships under this legislation will be charged to the recipient country.

Sec. 443.—Expiration of Authority. Section 443 stipulates that the authority to transfer ships under this legislation expires after two years.

Sec. 444.—Repair and Refurbishment of Vessels in U.S. Shipyards. Section 444 requires, to the maximum extent possible, that repair and refurbishment work associated with these ships shall be done in U.S. shipyards.

Chapter 6—Indonesia Military Assistance Accountability Act

Sec. 451.—Short Title. Section 451 establishes the title of this chapter.

Sec. 452.—Findings. Section 452 sets out congressional findings with respect to Indonesia. Specifically, the Committee finds that the Indonesian political system remains strongly authoritarian, that the Government of Indonesia has not allowed independent trade unions to function freely, has arrested labor leaders, and has harassed a wide range of civil society organizations. The Committee also finds that the Indonesian armed forces continue to carry out torture and other human rights violations in East Timor, Irian Jaya and other parts of Indonesia. The Indonesian authorities must improve their human rights performance if our bilateral relations are to continue to improve. The Committee notes that the 1996 Nobel Peace Prize was won by Bishop Belo and Jose Ramos Horta for their tireless efforts to find a solution to the East Timor conflict. The Committee notes that the Congress suspended the International Military and Education Training (IMET) program for Indonesia following the November 12, 1991 shootings by Indonesian security forces in Dili, East Timor. The Committee notes that

former Secretary of State Christopher testified that the United States has a strong interest in an orderly transition of power in Indonesia, one that recognizes the country's pluralism. The Committee also finds that the U.S. has important economic, commercial and security interests in Indonesia that will only be strengthened by democratic development that promotes political pluralism and respect for human rights.

Sec. 453.—Limitation of Military Assistance to the Government of Indonesia. Section 453 states that because of its concern about the human rights situation in Indonesia, the Congress has determined that the United States shall not provide military assistance and arms transfer programs to the Government of Indonesia during a fiscal year unless the President determines and certifies to the Congress that the Government of Indonesia has met various human rights condition spelled out in Section 453 of the Act. The President may waive this certification requirement if he determines and notifies the Congress that an emergency exists requiring such assistance and arms transfers, or that providing such assistance and transfers is in the national interest. The provisions of this Act shall apply only to military assistance and arms transfers made pursuant to agreements entered into in fiscal years beginning after the date of the Act's enactment.

Sec. 454.—United States Military Assistance and Arms Transfers Defined. Section 454 defines the terms "military assistance" and "arms transfers" in this Act as small arms, crowd control equipment, armored personnel carriers, and such other items that can be commonly used in direct violation of human rights. The term military assistance all shall include training provided under chapter 5 of part II of the Foreign Assistance Act of 1961, relating to International Military Education and Training or "IMET." Expanded-IMET (assistance under section 541 of such Act and commonly referred to as E-IMET) is not included under the term "military assistance" in this Act and such training may continue.

Chapter 7—Other Provisions

Sec. 461.—Excess Defense Articles for Certain European Countries. Section 461 extends the authorization for fiscal years 1998 and 1999 for the Department of Defense to expend funds for packing, crating, handling and transporting (PCH&T) of excess defense articles provided under section 516 of the Foreign Assistance Act to countries that are eligible for to participate in the Partnership for Peace program and that are eligible under the SEED Act. These countries include Albania, Bulgaria, the Czech Republic, Estonia, FYROM, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

Sec. 462.—Transfer of Certain Obsolete or Surplus Defense Articles in the War Reserve Allies Stockpile to the Republic of Korea. Section 462, which is identical to a provision enacted into law in the FY94-95 Foreign Relations Authorization Act (P.L. 103-236), authorizes the transfer to Korea of obsolete or surplus equipment, tanks, weapons, repair parts or ammunition which is currently in the war reserve stockpile in Korea. This section requires that the value of the concessions negotiated by the Secretary of Defense must be at least equal to the fair market value of the items trans-

ferred. This section also includes a notification to the Congress identifying the items to be transferred to Korea and the concessions to be received.

Sec. 463.—Additional Requirements Relating to Stockpiling of Defense Articles for Foreign Countries. Section 463 authorizes \$60 million for fiscal year 1998 for additions to stockpiles of DoD articles in Korea (\$40 million) and in Thailand (\$20 million).

Sec. 464.—Delivery of Drawdown by Commercial Transport Services. Section 464 amends section 506 of the Foreign Assistance Act to authorize the Department of Defense and other U.S. Government agencies to utilize commercial transport services rather than U.S. Government assets for the transport of defense articles, services or education and training if the costs of commercial transport are less than the costs of U.S.G. assets. This section also requires the President to provide to the Congress a report detailing all defense articles, defense services and military education training delivered to countries or international organizations upon the completion of such delivery. The report shall also include whether there were any savings realized by utilizing commercial transportation.

Sec. 465.—Cash Flow Financing Notification. Section 465 directs the Administration to notify the Committee pursuant the procedures applicable under 634A of the Foreign Assistance Act of any letter of offer and acceptance or other purchase agreement that is in excess of \$100 million to any country approved for cash flow financing under section 25 of the Arms Export Control Act.

Sec. 466.—Multinational Arms Sales Code of Conduct. Section 466 directs the President within 180 days to convene negotiations with all Wassenaar Arrangement countries on a multinational arms sales code of conduct. Such negotiations should be convened by the President at an appropriate level of representation. This section further sets out the purpose of such negotiations and requires the President to report to the Congress, within 1 year of enactment of the provision, on the status of such negotiations.

Title V—Economic Assistance

Chapter 1—Economic Support Assistance

Sec. 501.—Economic Support Fund. The Economic Support Fund (“ESF”) is the State Department’s most flexible tool for providing support, either as cash assistance or as project-based aid for the support of key allies and activities directly in support of U.S. national security. This section authorizes the appropriation of \$2,388,350,000 in FY98 and \$2,350,600,000 in FY99.

CYPRUS

The Committee is deeply concerned about the continuing division and foreign military occupation of Cyprus and the recent increase in tensions on the island. The Committee considers that the status quo on Cyprus is unjust, unacceptable and increasingly unstable, and an urgent effort by the international community is accordingly required to resolve it. The Committee strongly encourages the Administration to follow through on its declared intention to play a “heightened role” in promoting a just resolution of the Cyprus problem.

The Committee firmly believes that it is in the interest of the United States to launch an early substantive initiative to achieve a peaceful, just, viable and lasting solution on the basis of international law, democratic principles, respect for human rights and the provisions of relevant U.N. Security Council Resolutions. These resolutions, most recently, 1092/96 of December 23, 1996, appropriately define the basis for such a settlement as, "a state of Cyprus with a single sovereignty and international personality and a single citizenship, with its independence and territorial integrity safeguarded, and comprising two politically equal communities as described in the relevant Security Council Resolutions in a bi-communal and bi-zonal federation, and that such a settlement must exclude union in whole or in part with any other country or any form of partition or secession."

The current military situation on Cyprus, in particular the large number of Turkish occupation troops, is also a constant source of tension and instability, both on the island and in the wider region. Recent foreign arms transfers and the threat of increased armaments on Cyprus are also of concern to the Congress. The Committee reaffirms its view, most recently embodied in H. Con. Res. 42 and in the 104th Congress, that the security concerns of all parties concerned can most effectively be met with the complete withdrawal of all foreign occupation forces from the island and the total demilitarization of Cyprus, to be replaced by alternative internationally acceptable and effective security arrangements as negotiated by the parties. Such security arrangements will strengthen peace and stability and in the region, be to the benefit of all the people of Cyprus, and enhance prospects for a lasting resolution of the problem.

The prospect of Cyprus accession to the European Union (EU) can also serve as a catalyst for efforts to reach a comprehensive settlement. Negotiations for Cyprus' accession are set to begin six months after the conclusion of the EU Intergovernmental Conference (which is expected to end in June of this year). This prospect provides a positive dynamic and window of opportunity for a solution and in the coming year.

Cyprus' accession to the EU, as well as a just and viable Cyprus settlement, will be significant economic, political and security benefit to all Cypriots. A Cyprus solution will also remove a point of contention between Greece and Turkey and can allow the prospect of full normalization of the often tenuous Greco-Turkish relationship, bringing greater stability to the Eastern Mediterranean and directly benefiting U.S. security interests. The prospects of reaching a lasting settlement on Cyprus are facilitated through increasing bicomunal contact, cooperation and reconciliation. The traditionally allocated \$15 million from the Economic Support Fund each year for Cyprus is used for projects involving such bicomunal activities and thus plays a significant role and in promoting prospects for peace on Cyprus. The Committee strongly recommends that the annual allocation of \$15 million for Cyprus be continued for both fiscal years 1998 and 1999.

EASTERN MEDITERRANEAN

It is in the national interest of the United States to hold all countries, particularly U.S. allies, to internationally accepted standards of conduct. The United States, the European Union and many countries have publicly underlined the need to protect peace and stability in the Eastern Mediterranean region through the adherence to international treaties and the respect for territorial integrity and internationally recognized borders of all countries. Those who question the application or interpretation of international treaties should have recourse to a proper international judicial or consensual body according to established international legal practice.

The United States and other countries have also expressed strong public opposition to the use of force or the threat of force by any country to resolve such matters. It is essential to peace and stability in the Eastern Mediterranean that all countries abide by these internationally accepted standards of conduct.

Sec. 502.—Assistance for Israel. Section 502 requires that not less than \$1,200,000,000 of ESF funds be provided to Israel in fiscal year 1996 and fiscal year 1997. It requires a cash transfer and early disbursement. It also requires that the President ensure that the amount of funds provided as a cash transfer does not cause an adverse impact on the total level of nonmilitary exports from the United States to Israel. These provisions are consistent with recent appropriations Acts.

A fundamental element of United States foreign policy has been support for a strong and secure Israel. Israel remains the most reliable strategic ally of the United States in the Middle East, and a vital partner in the U.S. pursuit for peace in the Middle East. There must be no doubt about the United States' commitment to Israel. The continuation of U.S. assistance to Israel provides that clear signal, in addition to providing Israel with the means it needs to defend itself in an increasingly dangerous environment. The successes of the past few years through the peace process, including a historic peace treaty between Israel and Jordan and progress on the Israel/Palestinian front are the best evidence of the effectiveness of our consistent support of Israel through our foreign assistance programs.

The Committee notes the substantial progress which has been made by the African American Israelite Community in Dimona, Israel. The small community continues to enjoy support in the Committee and in the Congress. Several Members have visited the community in Dimona and have supported its efforts in working with the Government of Israel to resolve citizenship and housing problems. The Committee urges the United States and Israel to continue to work together to help the community deal with these issues.

Section 503.—Assistance for Egypt. Section 503 requires that not less than \$815,000,000 of Economic Support Funds be provided for Egypt in fiscal years 1998 and 1999. Provisions in subsection (b) add the additional requirement, traditionally carried in annual appropriations Acts, requiring that the President ensure that there is no adverse impact on the total level of nonmilitary exports from the

United States to Egypt as required in the recent Foreign Operations appropriations Acts.

The Committee has adopted new language this year, in subsection (c), noting that assistance to Egypt is based in great measure on Egypt's continued implementation of the Camp David accords and the Egyptian-Israeli peace treaty, that Egypt has disappointed the Congress with respect to its fulfillment of those obligations, particularly by its failure to meet fully its commitment to establish with Israel "relationships normal to states at peace with one another", and in its recent support for reimposing the Arab economic boycott. Support for future funding levels of assistance will be determined largely on whether Egypt fulfills its obligations to develop normal relations with Israel and to promote peace with Israel and other critical United States interests.

Nevertheless, Egypt remains a vital U.S. ally in the Middle East and its partner for peace in the region. The Committee reasserts its commitment to Middle East peace and the important role Egypt must play in achieving a comprehensive and permanent peace.

U.S. aid to Egypt is intended to both bolster this long-standing ally as well as to provide access to the Egyptian market for U.S. firms and exports. AID funds provided to Egypt support U.S. exports to Egypt as well as contracts in Egypt for U.S. firms. The dual purpose of U.S. foreign aid is exemplified by the telecommunications sector in Egypt, where AID has funded projects for the last 15 years. AID funding of such projects helped encourage the entry of U.S. telecommunications firms into the Egyptian market in the early 1980's and this is now a significant commercial market for such U.S. firms and U.S. exports. These projects have greatly increased the efficiency of Egypt's telecommunications infrastructure, which, in turn, will help promote the growth of business in Egypt. AID's funding of the telecommunications sector, therefore, has ramifications far beyond that one sector.

EGYPTIAN PATENT SITUATION

The Committee recognizes the great strides that Egypt has made in undertaking the necessary structural reforms of its economy, which will benefit the Egyptian people. A critical element in the development of a climate that will attract foreign investment and the transfer of advanced technology—both of which are required for a successful strategy of economic development and job creation—is a world class system of strong intellectual property protection, especially for patents.

In particular, the Committee urges that Government of Egypt to enact a law that will provide meaningful and immediate patent protection for pharmaceutical products and notes that the draft patent law that is currently under consideration by the Government of Egypt could serve, with some adjustments, as the basis for such protection.

Section 504.—International Fund for Ireland. Section 504 provides that not more than \$19,600,000 in each of fiscal years 1998 and 1999 from ESF may be provided for the International Fund for Ireland (IFI). The use of United States funds is conditioned on recipients agreeing to adhering to the MacBride equal opportunity principles.

Unemployment, economic hardship, and discrimination fueled sectarian violence in Northern Ireland for decades. The problem of discrimination in Northern Ireland remains a serious concern to the Committee. The contributions of the U.S. Government to the IFI must be used in the most effective ways possible to help alleviate hardship and to create new opportunities. Moreover, this must be accomplished in a manner which does not perpetuate unfair hiring practices, and disperses U.S. assistance in an evenhanded manner.

This provision establishes clear and reasonable requirements for recipients of United States funds in order to carry out the clear intention of the Congress that U.S. funds be put to fair and effective use to create the greatest economic opportunity. These goals are served by the twofold thrust of the provision:

First, the provision requires that U.S. IFI funds must be directed to areas with the highest rates of unemployment without reference to sectarian demographics. U.S. funds must be primarily directed to activities justified by the economic needs of the residents of distressed communities and not on the basis of sectarian quotas.

Second, the provision also requires recipients to agree in writing to make reasonable, good faith efforts to implement fair employment practices, consistent with the terms of economic justice, as defined.

The provision thus helps ensure that the assistance provided by American taxpayers will be effectively and justly put to use to bring some measure of economic advancement and economic justice to the people of Northern Ireland.

The provision accomplishes these goals without imposing burdensome requirements or compromising fundamental American values of fairness, equal justice and responsible use of U.S. public funds. It also does not put American companies in Northern Ireland at a disadvantage if they are already in voluntary compliance with the MacBride Principles.

The fair employment principles set forth in the provision are drawn from and closely follow the MacBride Principles, and are also reflective of some of the recent changes on the ground in Northern Ireland. Several of these principles are already embodied in the British Fair Employment Act (FEA) and none of these principles impose any requirement inconsistent with existing law and policy.

The establishment of these conditions for U.S. assistance merely brings the manner of U.S. participation into harmony with prevailing legal trends and international business practices in Northern Ireland.

Based on testimony before the Committee, it is evident that U.S. assistance should be carefully targeted at the areas of greatest need, based upon levels of unemployment and the changes incorporated in the Anglo-Irish Agreement of 1986, to accomplish that worthy goal.

In the Committee's opinion, the increased U.S. assistance and the clear need for targeted investment consistent with the principles of economic justice establish a need for greater involvement and oversight by the U.S. observer to the IFI.

In extending U.S. oversight and certain restrictions to the IFI, the Committee does not intend to extend the other restrictions and requirements of the Foreign Assistance Act to IFI activities.

Subsection (a) earmarks \$1.2 billion in FY98 and FY99 ESF funds for assistance to Israel. Subsection provides the assistance will be given on a grant basis and will be disbursed within thirty days of the enactment of the Foreign Operations Appropriations bill or October 31, whichever is later.

Nothing in the bill requires quotas or reverse discrimination or mandates their use.

Sec. 505.—Assistance for Training of Civilian Personnel of the Ministry of Defense of the Government of Nicaragua. Section 505 provides an explicit narrow exception to section 531(e) (22 U.S.C. 2346a) of the FAA to allow funds authorized by this Act to be made available for assistance to and training for civilian personnel of the Ministry of Defense of the Government of Nicaragua, provided that the Secretary of State determines and reports to Congress that such assistance is necessary to establishing a civilian ministry capable of effective oversight and management of the Nicaraguan armed forces and to ensuring respect for civilian authority and human rights.

It is the intent of the Committee that expanded-International Military Education and Training funds authorized by this Act can also be made available to civilian personnel in the Ministry of Defense if such training will advance professionalization of the armed forces and respect for civilian authority and human rights.

This section shall not be construed to authorize assistance or training directly to active duty members of the National Army of Nicaragua. The Committee expects that the Secretary of State will produce a comprehensive plan for supporting the professionalization of the security forces (army and civilian police) of Nicaragua. It is the intent of the Committee that normalized military-to-military relations between the United States armed forces and the Nicaraguan National Army shall not be established and support for the National Police should not be initiated until substantial progress is made in implementing the recommendations of the Tripartite Commission which call for holding members of the former Sandinista Popular Army and Police accountable for well-documented human rights abuses.

Sec. 506.—Availability of amounts for Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 and the Cuban Democracy Act of 1992. Section 506 authorizes a minimum of \$2,000,000 in fiscal year 1998 and \$2,000,000 in fiscal year 1999 for programs and activities under the Cuban Liberty and Democratic Solidarity Act of 1996 and the Cuban Democracy Act of 1992. The Committee strongly supports funding for programs and activities of the Cuban Liberty and Democratic Solidarity Act of 1996 and the Cuban Democracy Act of 1992 designed to provide support for building civil society and democracy in Cuba. The Committee further expresses its concern that in fiscal year 1997 funds were reprogrammed from this account.

Chapter 2—Development Assistance

Subchapter A—Development Assistance Authorities

Sec. 511.—Authorization of Appropriations. This section authorized the appropriation of the following amounts:

	Fiscal year	
	1998	1999
Development Assistance	\$1,203,000,000	\$1,203,000,000
Development Fund for Africa Earmark	700,000,000	700,000,000
Newly Independent States	839,900,000	789,900,000
Eastern Europe	471,000,000	337,000,000
Intern-American Foundation	20,000,000	15,000,000
African Development Foundation	11,500,000	10,000,000

AMERICAN SCHOOLS AND HOSPITALS ABROAD

The Committee recognizes the important contributions to U.S. foreign policy interests which are made by the institutions funded by the American Schools and Hospitals Abroad (“ASHA”) program. The Committee expects AID to continue a competitive ASHA awards program on a long-term basis. The Committee does not accept AID’s proposal to eliminate the FY 1997 grant cycle, and it expects the agency to award grants through the program in 1997 and in 1998 at a level of \$15 million in each year. Due to current problems with the availability of funds, the Committee will not object if AID elects to award these grants on a calendar year rather than a fiscal year basis.

The Committee has long supported the important work of several highly distinguished American educational and medical institutions which operate abroad, and it recommends that priority be given to funding them in both the 1997 and 1998 grant cycles at levels not less than in the past. They include: the American University of Beirut, the Feinberg Graduate School (FGS) of the Weizmann Institute of Science, the Hadassah Medical Organization, and several institutions in Greece.

YEMEN

The Republic of Yemen is the most populous country on the Arabian peninsula, but is the least developed. Yemen also has an extremely high birth rate that threatens to cripple Yemen’s economic growth, which, when combined with the poverty, the high illiteracy rate, and lack of employment opportunities, could well adversely impact the region in the years to come if these factors are not substantially modified. The Committee notes with great regret that AID closed its mission in Yemen after 37 years, and that a modest program aimed at maternal/child health will end in FY98. The Committee also notes that the Peace Corps ceased its operations there in 1994 due to the brief civil war.

However, despite these and other obstacles, Yemen is the only country on the peninsula with a freely elected parliament with suffrage for all men and women, having successfully completed elections once again in April, 1997. The Committee commends Yemen for this achievement, and expresses its support for strengthened government institutions including the Parliament.

Because of critical U.S. national interests in the region, and the importance of securing the Arabian Peninsula as a peaceful, stable, and economically vibrant region, the Committee strongly recommends that AID continue a modest level of funding in support of maternal/child health, the development of civil society, and government institution building. The Committee also requests that the Peace Corps seriously reconsider returning to Yemen to resume its activities at the earliest possible opportunity.

DISABLED PEOPLE

AID should take into consideration the needs of people with disabilities in existing programs; and AID should consider the needs of people with disabilities, as appropriate, in the design, implementation, and evaluation of future programs.

DEVELOPMENT FUND FOR AFRICA

Subsection (b) reauthorizes the Development Fund for Africa. The subsection amends Section 497 of the Foreign Assistance Act of 1961 to require that of the amounts available for development assistance for fiscal years 1988 and 1989, not less than \$700,000,000 for each of the fiscal years 1998 and 1999 shall be available, in addition to amounts otherwise available for such purposes, to carry out the Development Fund for Africa chapter.

SUDAN

The Committee strongly recommends the exercise of appropriate waivers to deliver development assistance to southern Sudan through non-governmental organizations, in areas that are outside the control of the Government of Sudan and where there is inter-factional reconciliation and substantive evidence of respect for and protection of human rights and principles of humanitarian assistance. Such development assistance should be used for capacity building of local institutions to increase accountability, enhance local management of crisis response and reduce intra-south conflict.

AID TO THE NEWLY INDEPENDENT STATES OF THE FORMER SOVIET UNION

The President has sought this Committee's approval of a significant increase in assistance to the New Independent States of the former Soviet Union. The Committee has carefully considered the President's initiative in this area, which is supported by several arguments. First, that increased funding should be provided to combat corruption and crime in the twelve New Independent States, a growing problem that will have serious and damaging consequences for the United States and other democratic states if not adequately addressed. Second, that increased funding should be provided to bolster a growing class of small businessmen in the twelve New Independent States seeking to plant the seeds for the emergence of a true middle class in those fledgling states. Third, that more funding should be provided to continue those programs supporting reforms in the Caucasus and Central Asian states of the former Soviet Union.

The Committee is pleased that the Administration has taken to heart the concerns expressed earlier by the Congress with regard to the growing corruption and crime in the New Independent States as well as a tendency on the part of this Administration to neglect the interests of the smaller New Independent States in the Caucasus and Central Asia in favor of a focus on the United States relations' with Russia.

The Committee authorized appropriations totaling \$839.9 million of the \$900 million request for the New Independent States in Fiscal Year 1998 and \$789.9 million for Fiscal Year 1999 for the "Partnership for Freedom" NIS reform program. The Committee's decision does not fully match the President's request. The authorized funding level is however a significant increase in Fiscal Year 1998 above the current Fiscal Year 1997 funding level of \$625 million for the New Independent States and a significant increase above the level of funding the Congress had anticipated for this assistance program in Fiscal Years 1998 and 1999.

RUSSIAN PRESSURE ON THE OTHER NEWLY INDEPENDENT STATES

The Committee is troubled by growing evidence of Russian actions in the other New Independent States intended to undermine their sovereignty and reassert Russia's historical dominance over those states. In this regard, the Committee is concerned with rationales provided by this Administration that the United States cannot oppose any surrender of sovereignty by any of the New Independent States if such a surrender is "voluntary" on their part. The vulnerability of the smaller New Independent States to Russian political, military and economic pressure, and the growing evidence that such pressure has been employed by Russia against those states, makes it highly questionable that any such surrender of sovereignty to Russia directly or through the Russian-dominated Commonwealth of Independent States organization would be truly voluntary on the part of other New Independent States.

The Committee specifically notes evidence of Russian arms supplies and support for separatist ethnic movements in other New Independent States; allegations of Russian support for coup attempts in other New Independent States; use of economic pressure by Russia against the other New Independent States to gain political and military concessions from those states; and Russian manipulation of energy exports by several of the other New Independent States employing the Russian-controlled pipeline system to limit those states' hard currency revenues. The Committee is disappointed with this repeated rationalization by the Administration of the Russian effort to "reintegrate" the former Soviet states.

UKRAINE

The Committee is pleased with the direction of Ukrainian foreign policy. Ukraine has had to make difficult decisions to relinquish nuclear weapons inherited from the former Soviet regime; to forego large contracts to help Russia build nuclear reactors in Iran, to negotiate a bilateral charter with the NATO Alliance and to endorse Poland and other states' admission into NATO, and to work against the acquisition of weapons of mass destruction by rogue regimes like Iran, Iraq and Libya. The Ukrainian government has dem-

onstrated a high degree of consideration for America's foreign policy interests at a time when Russia, in contrast, flaunts those interests. Through such decisions, Ukraine is indeed constructing its new "strategic partnership" with the United States. The Committee strongly encourages the government of Ukraine to declare "persona non grata" those individuals from Libya who may be allowed to reside in Ukraine for purposes of procurement of technology or equipment that might violate the international sanctions on Libya.

The Committee is encouraged by the direction of Ukraine's foreign policy and democratic reforms. Conversely, it recognizes the need for greater progress in addressing corruption and protecting American investment in Ukraine. The Committee directs the Administration to limit aid to the Government of Ukraine to those officials who by their actions have demonstrated support for market reforms.

The Committee supports continued assistance to Ukraine at the level of \$225 million authorized in Fiscal Year 1997 for each of the Fiscal Years 1998 and 1999.

The Committee agrees with the President's proposed allocation of assistance to the New Independent States under the FREEDOM Support Act program as presented to the Congress in budget documents for Fiscal Years 1998 and 1999, taking into consideration the limitations and conditions on increased aid to Russia and the support for continuing current levels of assistance to Ukraine. Any decrease in funding for this account shall be taken from the regional account for the New Independent states rather than from the proposed allocations for each of those countries.

ARMENIA

The Committee reiterates its support for the strong bond between the U.S. and Armenia. The Committee is also encouraged by progress in Armenia on economic reform.

However, the Committee is concerned by the flawed Presidential election of last September. The Government of Armenia should recommit to development of participatory democracy that includes all elements of Armenian society.

BELARUS

The Committee strongly endorses the actions taken by the President to oppose the growing dictatorship of President Alexander Lukashenko in Belarus. The Committee agrees that the suspension of unobligated Nunn-Lugar assistance to Belarus was warranted by the government's violation of democratic norms and human rights. The Committee notes the recent acts of repression by the Lukashenko government, including repression of the media and of political opposition, suppression of the legitimate parliament and supreme court, and arbitrary taxation of tax-exempt organizations.

The Committee remains concerned over the September 1995 shooting-down by Belarusian military forces of an American civilian balloon participating in a competition, resulting in the deaths of two United States citizens. It remains concerned by that callous and unnecessary act, and encourages the President to ensure that a truly proper review of the causes of that attack has been conducted.

The Committee calls on the President to coordinate with other democratic states in Europe to support the reintroduction of democratic government in Belarus. While the Committee supports continued aid to non-governmental organizations, independent media, democratic movements and humanitarian needs in Belarus, it recommends that aid (including international loans to Russia) be curtailed if top officials of the Russian government continue to support the activities of Alexander Lukashenko. The Committee believes that the fate of democracy in Belarus will have consequences for the other New Independent States.

SCHOOL OF MANAGEMENT AT ST. PETERSBURG UNIVERSITY

The Committee notes the work of the School of Management at St. Petersburg University to raise matching funds for any assistance it may receive from the Agency for International Development for its educational work in training Russian businessmen and entrepreneurs. The Committee commends such efforts and encourages AID to consider support where appropriate to institutions such as this that are willing to match any U.S. Government funding.

UKRAINIAN ACADEMY OF PUBLIC ADMINISTRATION

The Committee encourages the Agency for International Development to review the work of the Ukrainian Academy of Public Administration to ascertain whether that institution might play a constructive role in an expanded program in support of public administration in Ukraine. The Committee suggests, consistent with appropriate selection processes, that AID review the on-going work of the Research Triangle Institute in Ukraine in the area of municipal government to learn whether such work might be extended into an expanded program in support of proper public administration at all levels of the Ukrainian government in conjunction with the Academy of Public Administration and drawing on that institution's in-kind resources.

EURASIA FOUNDATION

The Committee strongly supports the work of the Eurasia Foundation and encourages the Agency for International Development to continue to support the Foundation's work. The Committee believes that the Foundation's work in Ukraine is of particular importance to the success of grassroots reform in that country.

EXCHANGES

The Committee recommends that the Administration continue funding for the Russian, Eurasian and East European Research and Training program (Title VIII) from the two accounts for the New Independent States and Eastern Europe at \$4 million in each of the Fiscal Years 1998 and 1999. Two-thirds of such funding could be derived from the New Independent States account with the remainder derived from the account for Eastern Europe.

Training, exchanges, and partnerships between the United States and the nations of Eurasia and Central Europe continue to

be an essential part of the process of sustaining democracy and serve the interests of the United States.

The Committee continues to support United States assistance for other graduate fellowship and professional training projects in both regions, such as those that provide opportunities for graduate study at United States institutions for outstanding graduate students and young professionals from Central and Eastern Europe.

CORRUPTION AND ORGANIZED CRIME

The Committee is greatly concerned by the growing reports of corrupt and criminal activities in the New Independent States and Eastern Europe, particularly those that implicate government agencies and officials in such activities. It is increasingly apparent that large sums of capital, diverted from government budgets and from revenues earned from the sale of various commodities and goods are being dispatched to private bank accounts around the world. At the same time, the threat to American investors in the New Independent States and Eastern Europe posed by such corruption and criminal activity has grown. The murder in November 1996 of American investor Paul Tatum in Moscow is linked by some observers to his disagreements with individuals linked to the Moscow city government. It has been reported by FBI Director Louis Freeh that businessmen in Moscow are forced to pay an estimated one-third of their revenues to parties that extort them. Critics describe many Moscow city officials as corrupt, intending to siphoning funds from government and business to their benefit.

The Committee has been disappointed to learn that such corruption has blossomed in Ukraine as well as Russia and other states of the region. The Committee is pleased with the positive trend in Ukrainian foreign policy, but expects the government of Ukraine to take effective actions to ensure that American investors are treated appropriately and protected from extortion and other criminal or corrupt acts.

The Committee has authorized assistance for Ukraine and supported the President's requested allocation of such assistance to Ukraine in the expectation that the Ukrainian government will take effective steps to resolve those cases in which American-owned assets in Ukraine have been subjected to arbitrary legal and regulatory obstructions that, if not reversed, are tantamount to confiscation, or subjected to criminal extortion or fraud. The Committee also expects the government of Ukraine to agree to the creation of a comprehensive and effective campaign to fight corruption in Ukraine in cooperation with U.S. government agencies, and, as deemed necessary and appropriate by the President of the U.S., utilizing resources and assistance provided by the United States.

The committee continues to have substantial concerns about the serious adverse impact of organized crime spreading through the region of Eastern Europe and the New Independent States and ultimately to the United States and other democratic countries around the world. It is the committee's intent that for each of Fiscal Years 1998 and 1999 no less than a combined \$50 million should be made available, utilizing funds under the Support for East European Democracy Act program and the FREEDOM Support Act program, for law enforcement support efforts (including

provision of equipment, such as communications, computers and administrative support materials), and police training similar to the very successful program run at the International Law Enforcement Academy (ILEA) in Budapest, Hungary.

PUBLIC ADMINISTRATION

Committee encourages the Agency for International Development to intensify its programs to improve public administration and transparency in government agencies and bureaucracies in the New Independent States and Eastern Europe, with a particular programmatic focus in Ukraine. It is the Committee's hope that an intensified effort to introduce American principles of public administration and to improve transparency in government agencies will contribute in general to the fight against corruption. The Committee is encouraged by the work of the Research Triangle Institute in Ukraine in the area of municipal finance and management and by the work of New York University with the Ukrainian Academy of Public Administration to encourage improved public administration in that country.

INDEPENDENT MEDIA

The Committee notes the trend in Russia towards increasing control of the larger broadcast media and print publications by profitable monopolies with close links to top levels of the Russian government. The Committee views this trend as both a potential threat to true freedom of speech in Russia and a potential support for corrupt activities that might otherwise be publicized by a truly free press. The Committee strongly encourages the Agency for International Development to take this trend into account and to review its programs to redouble efforts to promote truly independent media.

Because the sustainability of a non-state-controlled media is critical during this period of transition, the Committee supports continued assistance for independent broadcast media. This should include capacity building through training in commercial management and basic journalism, as well as access to quality licensed programming and development of an independent media infrastructure; all of which are necessary to support continued economic and political reforms.

The Committee is encouraged by the progress of the Agency for International Development's media assistance work in Russia, and specifically by the progress being made in the print media through the Russian American Press and Information Center ("RAPIC"). The Committee recommends continuation of RAPIC-based initiatives, and continues to support investment in a print media program within AID and the coordinating office for democratic initiatives within the Department of State.

JUDICIARY

The Committee encourages the Agency for International Development and the Department of State to increase their efforts to help create effective and independent judiciaries in Eastern Europe and the New Independent States. The Committee also encourages those

agencies to increase their programs to reform and improve criminal justice agencies in Eastern Europe and the New Independent States.

TAX REFORM, CONTRACT ENFORCEMENT AND COMMERCIAL LAW

The Committee encourages the Agency for International Development and the Treasury Department to continue its efforts to support tax reform in the New Independent States, which is a vital part of the effort to ensure that businesses in those states do not turn to criminal elements for protection against exorbitant and arbitrary taxation by government. The Committee also encourages AID to review its programs to ensure that adequate efforts are being undertaken to promote adequate legal enforcement of business contracts in the NIS. The absence of such contract enforcement is clearly contributing to the growth of criminal activity.

AMERICAN UNIVERSITY IN YEREVAN

The Committee encourages the Agency for International Development to review US Government support for the American University in Yerevan to determine the extent of financing that might be required to allow the University to become self-sustaining. The Committee notes the use of assistance funds in Eastern Europe to allow such institutions to become self-sustaining. Any assistance funds used for such purposes in Armenia should be derived from the assistance provided to that country under the account for the New Independent States.

SEED ACT ASSISTANCE

The Committee has authorized \$471 million of the total of \$492 million requested for our assistance programs under the Support for East European Democracy Act program in Fiscal Year 1998. \$337 million is authorized for Fiscal Year 1999.

FUNDING LEVELS

The Committee is encouraged that the AID has begun phasing out our assistance programs in Eastern Europe, with our assistance program in Estonia beginning to close down in the current Fiscal Year. The Committee understands the need for continued, higher levels of assistance to countries such as Bulgaria, Romania, the Former Yugoslav Republic of Macedonia, Albania and Slovakia. It is also possible that assistance will be required for economic and political reforms in Serbia and Montenegro once the necessary reforms have been adopted. Given those anticipated needs, the Committee encourages AID to continue to phase out our assistance programs in the region wherever considerable progress has already been achieved in reforms and particularly wherever other donor states or organizations can continue with any further assistance for reforms that may be required.

NORTH ATLANTIC ASSEMBLY

The Rose-Roth Program is an initiative of the North Atlantic Assembly, NATO's parliamentary assembly, undertaken at the suggestion of the US delegation. The aim of the program is to

strengthen the development of parliamentary democracy in Eastern European countries by using the resources of the Assembly to train participants in the practices and procedures of parliamentary institutions. The program is directly beneficial in helping establish ties between program participants and the Assembly, and to promote a sense of partnership at the legislative level. The governments of participating East European countries have acknowledged the value of this program in helping develop the staff structure of their respective parliaments.

The United States has financially supported the Rose-Roth program through the account for Eastern Europe. This financial support has made the program viable and also helped attract donations from other members of the North Atlantic Assembly. Many countries also support Rose-Roth through in-kind donations. The Committee strongly encourages the Department of State and AID to continue their financial support for this worthy initiative.

KOSOVO

The Committee strongly supports the Administration's request of \$12 million to provide humanitarian assistance to Kosovo. Although the US has now established a presence in Kosovo through the opening of the United States Information Agency office in Pristina, the majority Albanian community continues to endure considerable repression. These funds should be utilized to ameliorate to the greatest extent possible the suffering resulting from the lack of access to medical care and other hardships brought about by this unacceptable human rights and political situation.

The United States government should insist that international human rights monitors be permitted to return to Kosovo. The presence of such monitors until July of 1993 had a demonstrably positive effect on the level of repression inflicted by Serb authorities on the Kosovars, and their return would have a positive effect on the outlook of those in Kosovo who may believe that their plight has been forgotten by the international community.

AID TO BOSNIA

The Congress supported the President's request in FY97 for \$200 million for economic assistance to Bosnia. Because of pressing needs to support vital reforms in other countries receiving assistance through the Eastern Europe account, however, the Committee believes that the disproportionately high level of assistance to Bosnia cannot be sustained indefinitely. Other countries in Europe should be expected to continue supporting economic reconstruction in Bosnia. In view of the slow progress in implementing the civilian aspects of the Dayton Accords, the U.S. should endeavor to ensure that its economic assistance is targeted on programs that help promote reconciliation between the Bosnian ethnic communities.

BOSNIA DEBT RELIEF

The Committee supports the Administration's request for the use of SEED funds for Bosnian debt relief. The Committee strongly believes that funds for such debt relief should come from resources previously justified to Congress for assistance programs in Bosnia,

and should not come from other country programs in Central or Eastern Europe.

BULGARIA

The Committee is interested in seeing the newly-elected government in Bulgaria expeditiously address those instances in which American investors or bank account holders may have been defrauded or suffered the loss of their monies through theft. The Committee is particularly discouraged that no thorough investigation of such criminal acts involving Bulgarian banks has yet been completed. The Committee requests a report from the Secretary of State within 180 days after enactment of this Act concerning the extent of Bulgarian government efforts to address American investors' and bank account holders' loss of funds through fraud or theft. While it wishes to support the new government in Bulgaria, the Committee notes that improper or criminal treatment of American investors and bank account holders could have a detrimental effect on support for assistance to Bulgaria.

LITHUANIA

The Committee strongly encourages the government of Lithuania to act forcefully and responsibly to bring to justice any in Lithuania who may have collaborated with the Nazi regime to carry out the Holocaust against Jews and others. The Committee directs the Lithuanian government's attention to the allegations against Alexandras Lileikis and asks for a thorough investigation and, if appropriate, prosecution in response to such allegations.

COMPETITION

The Committee is concerned over the AID's extensive use of non-competitive procurement procedures in the United States assistance programs for Eastern Europe and the New Independent States. The Committee's concern in this regard has been heightened by the recent use of non-competitive procedures for program procurement in our programs in Ukraine and elsewhere in the New Independent States, two to three years after the creation of AID missions and projects in such states.

In documents provided at the Committee's request, AID has noted the use of non-competitive procedures for 84% of all grants awarded in the Eastern Europe and New Independent States accounts since the inception of aid programs for those regions, for a total of \$1.22 billion in grants and cooperative agreements awarded under non-competitive procedures. A further 12% of contracts for those two assistance accounts were procured using non-competitive procedures, totaling \$195.8 million in funds. The Committee notes that a further \$744.5 million in aid funds transferred to our Enterprise Funds in the two regions are, by nature, non-competitive awards of funds.

The Committee strongly encourages an end to this heavy reliance on such non-competitive procedures for the future, given the maturation of United States assistance programs in the region and the improved ability of AID to conduct competitive procurement.

Sec. 512.—Child Survival Activities. This section formally establishes a Child Survival and Disease Fund at \$600 million in FY98 and FY99, including the U.S. contribution to UNICEF.

Under this section, section 104(c) of the FAA is rewritten to give further definition and clarity to Child Survival, Health, Basic Education for Children and Disease Prevention Programs. The Committee notes the leadership of the Appropriations Committee and specifically its Foreign Operations Subcommittee Chairman, Mr. Callahan, in creating this account.

Subsection (c)(1)(A) defines seven major categories of activities “whose primary purpose is to reduce child morbidity and child mortality which have a *substantial, direct, and measurable impact* on child morbidity and child mortality” [emphasis added]. Under the mandate of this section and the Results Act, the Committee is clearly giving emphasis to programs that directly save children’s lives.

The Committee recognized two significant ways to boost the effectiveness of the U.S. contribution toward achieving the 1990 World Summit for Children goal of reducing child mortality rates by one-third by the year 2000. First in carry out child survival programs, the Committee gave direction to the programs that place priority emphasis on those specific activities that save children’s lives. Second, the Committee recognized the gains to be realized by increasing the proportion of child survival funding that is programmed through non-profit citizen-supported PVOs.

Under subsection (c)(2), the Committee clearly states that child survival activities under this subsection shall be “primarily devoted” to these seven “1(A)” activities. By “primarily devoted” the Committee means these 1(A) activities shall comprise the major component of the Child Survival Program.

Under subsections (c)(1)(B), (C) and (D) the Committee provided guidance on five other child survival activities, basic education for mothers and children, and disease activities that may be funded under this program. One quarter of the children in developing countries lack access to a basic education, which is the critical factor in decreasing children’s vulnerability to exploitative labor practices, improving future standards of living, and instilling civic and democratic values. With regard to diseases, by the year 2000 it is estimated that the number of children orphaned by AIDS could jump 400% from two million to ten million, posing a threat to the well being of these children and placing an enormous strain on societies struggling to cope with the ravages of the HIV/AIDS epidemic.

The Committee continues to support programs aimed at addressing the needs of displaced children and orphans around the world. AID has had considerable success in addressing the needs of these children through programs funded under the Displaced Children and Orphans Fund. The Committee supports AID’s continued funding for the Displaced Children and Orphans fund.

Subsection (c)(3) requires that funds provided under the Development Fund for Africa, FREEDOM Support Act or SEED Act shall be spent in those regions for exclusively child survival purposes identified in the rewritten section 104(c) of the FAA.

Subsection (c)(4) provides that the U.S. contribution to the United Nations Children's Fund ("UNICEF") may be made from these funds. Of the amounts authorized to be appropriated in this account, the Committee intends that \$100,000,000 for fiscal year 1998 and \$100,000,000 for fiscal year 1999 should be provided for a contribution in grant form to UNICEF. However, this does not preclude AID from providing additional funding for specific UNICEF projects, as may be appropriate.

Subsection (c)(5) recommends that not less than \$30 million in each of fiscal years 1998 and 1999 should be provided for child survival activities through PVOs. Child survival programs implemented through PVOs are cost effective, leverage private matching funds, and can reach the neediest areas even where AID may not have a mission.

Subsection (c)(6) requires the Administrator of AID to report, as part of the CPD required under the rewritten section 634 of the FAA, on the amounts in the budget request to be provided for activities specified under subsections (c)(1)A through D. The Committee places special emphasis on reporting for funding proposed in the budget for (1)A activities.

Subsection (c)(7) authorizes the appropriation of \$600 million in fiscal year 1998 and 1999 for programs under this section.

Subsection (c)(8) provides that this section may be referred to as the "Child Survival and Disease Programs Fund."

Sec. 513.—Requirements of Assistance to the Russian Federation. This section limits aid to Russia to the current level of \$95 million unless the President can determine that Russian assistance and cooperation with the Iranian nuclear and missile program and the Cuban nuclear program has ended.

IRAN

The Committee is seriously concerned by the lack of meaningful progress by the Administration in persuading Russia to halt its sale of nuclear reactors to Iran, a state sponsor of terrorist organizations that is clearly bent on building nuclear weapons. The Committee notes that for several years the President, Vice President, and other high-ranking United States Government officials have engaged in intensive discussions with Russian President Boris Yeltsin, Prime Minister Viktor Chernomyrdin, and other high-ranking Russian officials on this specific issue and on the general issue of Russia's relations with Iran. The United States has offered generous inducements to the Russian government in an attempt to halt the sale of this nuclear technology and equipment to Iran. Unfortunately, Russia continues to deny the veracity of sensitive information this Administration has reportedly provided to the Russian government on this issue and continues to deny that the Iranian government is intent on building nuclear weapons, in part using the expertise in nuclear materials handling that will be provided by the operation of nuclear reactors.

The Committee has also noted the allegations concerning continuing Russian sales to Iran of advanced conventional weapons, ballistic missile technology, and, possibly, other advanced weaponry as well. The Committee gives a great deal of credence to such allegations and is concerned not only that the Russian commitment to

halt its sales of conventional weapons to Iran by the end of 1999 will not be honored, but that Russia is likely engaged in a purposeful campaign of supporting an Iranian arms build-up that will eventually have very adverse consequences for the deployment of American forces to ensure access to the vital Persian Gulf. That arms build-up will have detrimental consequences for America's allies in the region as well. The Committee notes the positive statements made by Russian and Iranian officials regarding their growing bilateral relationship at the very time that most European states are reassessing their relations with Iran.

The Committee does not wish to undermine current efforts to support "grass roots" reforms in Russia, funded at a level of \$95 million in Fiscal Year 1997. While the Committee has agreed to authorize \$241.5 million in aid to Russia under the FREEDOM Support Act program in Fiscal Years 1998 and 1999 under this Act—the amount requested for Russia by the President—it intends to limit aid to Russia to that amount, and has conditioned all of the increase in aid to Russia above the current level of \$95 million on the termination of all Russian nuclear and missile cooperation with or sales to Iran.

CUBA

The Committee has also linked that increase in aid to Russia above the current level of \$95 million to a full and final termination of Russian involvement in the construction of unsafe nuclear reactors in communist Cuba.

In both instances, the Committee sees a clear need to insist that Russia honor America's interests. It is the Committee's determination that there shall be no increase in aid to Russia above current levels until Russia in fact honors those American interests.

CHINA

The Committee adopted a condition on assistance to Russia authorized under this Act that would end all aid to Russia in Fiscal Years 1998 and 1999 should Russia transfer any SS-N-22 missile systems to the People's Republic of China. While the Committee has provided the President with the authority to waive this condition in the national security interest of the United States, it has required that, if it is necessary for the President to do so, he must reissue such a waiver and provide related justifications for such a waiver every six months.

The Committee intends that the President focus on the extremely important issues related to the Russian-Iranian relationship and Russia's involvement with nuclear reactor construction in communist Cuba. At the same time, however, the Committee does have very serious concerns about the proposed transfer of such missile systems to communist China, and has allowed this waiver only on a six-month basis to underline that strong concern. The President should take the opportunity provided by this waiver to ensure that the contemplated transfer of SS-N-22 missile systems to China are not carried out by the Russian government or any Russian entity. If such transfers take place, it is unlikely that the Congress will view positively the prospects for continued aid to Russia.

OTHER CONCERNS

The Committee has avoided placing numerous other conditions on the increased aid to Russia, given the need by this Administration to immediately focus on the issues of Russia's relations with Iran and its continuing flirtation with construction of nuclear reactors in communist Cuba. That does not mean, however, that the Committee is not greatly concerned by other negative trends in Russian foreign policy. The on-going Russian sales of arms and military technology to the People's Republic of China will greatly assist China in placing even greater pressure on the democratic government on Taiwan in the near future. Russian reactor sales to India appear to violate its solemn commitments under the 1992 Nuclear Suppliers Agreement. Alleged Russian military sales to Syria, a state sponsor of terrorist organizations, require careful monitoring, particularly given reports that Iran may guarantee Syrian payment for such Russian equipment and technology. Support at the highest levels of the Russian government for the dictatorship of President Alexander Lukashenko in the New Independent State of Belarus and on-going efforts to "integrate" Russia and Belarus should be strongly challenged and opposed by the Administration.

Sec. 514.—Humanitarian Assistance for Armenia and Azerbaijan.

The Committee is concerned to ensure that humanitarian assistance reaches those most in need in the countries of the Caucasus region. The separatist conflicts in Georgia and Azerbaijan and the continuing effects of the 1988 earthquake in Armenia presented the international community with a tremendous challenge in aiding those in critical need in that region.

The United States has been generous in responding to the needs in the region, providing humanitarian aid to help Georgia's refugees from the fighting in the region of Abkhazia, providing humanitarian aid to Azerbaijan's one million refugees and displaced persons who fled the fighting in the region of Nagorno-Karabakh (in spite of the standing prohibitions on direct aid to the government of Azerbaijan), and providing hundreds of millions of dollars in aid of all types to the nation of Armenia.

During consideration of this Act, the Committee considered an amendment that would have revised the means by which US humanitarian assistance is provided to refugees and displaced persons in the region of Nagorno-Karabakh in Azerbaijan. The Committee considered the argument that insufficient US humanitarian aid was reaching those most in need in that region. The Committee, responding to the Administration's opposition to the amendment and relying on information provided to it by the Department of State regarding US aid reaching the region of Nagorno-Karabakh, voted to revise the amendment to call on the President to seek the cooperation of the governments of Armenia and Azerbaijan in ensuring that humanitarian assistance is made available to all those in need within those two countries.

The Committee also directed the President to report to the Congress on the efforts by the United States and other donor organizations and states to address the need for humanitarian aid throughout Armenia and Azerbaijan.

The Committee notes the estimate provided by the State Department that indicates that approximately \$3.5 million in US humanitarian aid has reached those in need in the region of Nagorno-Karabakh via US contributions to the International Committee of the Red Cross. The Committee notes as well that only a portion of the total population in Nagorno-Karabakh of about 126,000 people consists of refugees and displaced persons, and that only a portion of that smaller number of people is considered to have critical needs, according to information received from the State Department.

The Committee expects that the report required by this Act on the extent of humanitarian needs in the region and US efforts to respond to them will be forwarded to the Congress and to the Committee within 180 days of enactment of this Act.

Sec. 515.—Agricultural Development and Research Assistance. This section expresses the sense of the Congress that: (1) U.S. investment in international agricultural development and research has been a critical part of many economic development successes; (2) agricultural development and research advance food security, thereby reducing poverty, increasing political stability, and promoting U.S. exports; and (3) AID should increase the emphasis it places on agricultural development and research, and expand the role of agricultural development and research in poverty relief, child survival, and environmental programs

Sec. 516.—Activities and Programs in Latin America and the Caribbean Region and in the Asia and Pacific Region. Section 514 states that amounts made available for development assistance activities and programs in the Latin American and the Caribbean region and the Asia and Pacific region should be in at least the same proportion to the total amount made available as the amount identified in the congressional presentation documents for each of the fiscal years 1998 and 1999, respectively, for each such region is to the total amount requested for development assistance for each such fiscal year.

The Committee is concerned about the precipitous decline in funding for development assistance for the Latin America and Caribbean region and the Asia and Pacific region. Latin America and Asia are priority regions for the United States, politically and economically. Fifty percent of the population in Latin America and the Caribbean lives below the poverty line; in Latin America and the Caribbean, development assistance is helping address American concerns about illegal immigration and narcotics trafficking by improving the social and economic conditions in the region. Development assistance is also important to our growing trade relationship with the region—last year the Western Hemisphere accounted for 60 percent of the growth in United States exports. The Asia and the Pacific region is home to 60 percent of the world's population and 75 percent of the world's poor, therefore development assistance to this region is critically important and must also be treated as a priority.

GUATEMALA

The Committee recognizes that bringing a definitive end to the last armed conflict in Central America is a priority for the United

States government. The Committee notes that United States officials have pledged \$260 million toward the estimated \$1.9 billion offered by international donors to support the peace process and to reconstruct the Guatemalan economy.

Of the funds authorized to be appropriated under this Act, it is the intent of the Committee that the Executive Branch will meet its pledge of \$25 million in economic support funds and not less than \$40 million in other funds to be made available for each of the fiscal years 1998 and 1999; the Committee expects that the United States will continue this level of support for the succeeding two fiscal years.

HAITI

The Committee believes that inadequate progress has been since the September 1995 United States intervention to create sustainable private sector jobs, restore the rule of law, and establish democratic pluralism in Haiti. United States aid programs have not accorded sufficient attention to regenerating jobs in the assembly sector that were lost during the international embargo, and United States aid programs to help Haitian small agricultural exporters should be increased markedly.

United States policy should continue to support the privatization of costly and unproductive parastatal enterprises; elimination of "phantom employees" from public sector payrolls; strict standards of accountability for international donor assistance; tariff reforms; and effective collection of duties and port fees to discourage costly smuggling that robs the state of revenues and makes it impossible for honest importers to compete.

The Committee believes that the United States government should continue to press the Haitian government to ensure that human rights violators are purged from government payrolls and to bring persons to justice for political murders to end the impunity that has inspired continued violence; United States support for activities (personnel, equipment, training, etc.) of the Special Investigative Unit, adequate police training, and judicial reform should be priorities. It is the intent of the Committee that any funds needed to extend the presence of the International Civilian Mission in Haiti should be drawn only from the funds authorized for Organization of American States democracy activities from voluntary contributions to international organizations.

The Committee is concerned that inadequate attention has been paid to nurturing pluralism by strengthening Haiti's traditional democratic parties. Of the funds authorized to be appropriated under the Act, it is the intent of the Committee that not less than \$750,000 shall be made available in each of fiscal years 1998 and 1999 to support activities to promote long-term democratic pluralism.

The Committee also believes that every effort should be made to support activities to support the professionalization of Haiti's newly constituted Permanent Electoral Council. The Committee believes that the independent International Foundation for Electoral Systems, which played an indispensable role in a series of elections in Haiti in 1996, is uniquely suited to support such professionalization.

NICARAGUA

The peaceful transition of power on January 10, 1997, to a president committed to democratic principles, respect for human rights, and a free market economy confirms that Nicaragua has made great strides toward overcoming a history of dictatorship and civil war. Of the funds authorized to be appropriated under the Act, it is the intent of the Committee that programs in Nicaragua shall be fully funded. Of the funds allocated for Nicaragua, the Committee intends that not less than 50 percent of this sum shall be expended to support agricultural, economic development (including microenterprise credit), housing, education, and health care activities in the principal areas of resettlement of former members and families of the Nicaraguan Resistance who have been demobilized and returned to civilian life.

The Committee acknowledges the unique commitment that the United States government has to the successful return to civilian life of persons who fought the Sandinista dictatorship with the support of the United States government. Therefore, it is the intent of the Committee that United States aid programs in Nicaragua should focus on urgent development projects in the so-called "ad hoc" region in the remote mountainous area of central and northern Nicaragua.

The Committee recognizes the extraordinary contribution made by the personnel of the International Commission for Support and Verification of the Organization of American States (CIAV-OEA) since 1990. It is the intent of the Committee that such funds authorized by this Act shall be made available as necessary to maintain the continued presence of CIAV-OEA in Nicaragua until the indispensable human rights monitoring activities and network of grassroots "peace and justice committees" can be transferred efficiently to a new government Human Rights Prosecutor. The Committee expects that United States funds authorized under this act (including the voluntary contribution to OAS democracy programs and development assistance funds for Latin America and the Caribbean) shall be made available to complement contributions of other donors to ensure that ample funding is available for a follow-on OAS technical assistance mission. The Committee believes that United States aid programs should support the professionalization of the Supreme Electoral Council, using the independent International Foundation for Electoral Systems to the extent possible.

CARIBBEAN BASIN

The Committee considers the promotion of viable democratic societies in the Caribbean Basin to be an important US economic and security objective. A principal means of achieving this objective has been through the Caribbean Basin Initiative (CBI), which provides trade benefits to eligible Caribbean Basin countries.

Since the CBI was established in 1983 as a way to deter communist expansion in the hemisphere, the United States/Caribbean Basin economic relationship has flourished. Because Caribbean countries are so closely linked to United States, economic growth in the Caribbean translates directly into commercial opportunities for United States firms and workers. In fact, the Caribbean Basin,

one of the few regions where United States exporters consistently post trade surpluses, is now the tenth largest market for United States goods and services. Moreover, as the economies of the region have grown, so too have their democratic institutions and legal frameworks.

The Committee is aware that the Administration is preparing a proposal to expand the United States/Caribbean Basin trade relationship further by extending enhanced United States market access to CBI countries that meet specific eligibility criteria. The Committee believes such a proposal has merit, particularly to help prepare the Caribbean Basin countries for the trade and commercial disciplines necessary for hemispheric trade liberalization. This proposal may also help eligible CBI countries recover from the unintended adverse effects that the North American Free Trade Agreement may have presented for United States/Caribbean Basin trade links.

The Committee also supports efforts to establish an OPIC equity fund for the 24 CBI nations as an additional way to promote sustainable, private sector-led growth in the region. Presently, many CBI countries have a difficult time attracting sufficient private capital to meet their development needs. This funding gap has been exacerbated by the repeal in 1996 of the Section 936 investment mechanism, which had generated more than \$2 billion in private sector investment throughout the Caribbean Basin during the last decade. The Committee believes there is a clear need for an OPIC equity fund, and is aware of at least one proposal to establish such a fund using seed capital from the Multilateral Investment Fund (MIF).

GOVERNANCE PROGRAMS IN LATIN AMERICA AND THE CARIBBEAN

The Committee encourages the continued development of a sustainable indigenous capacity by Latin American institutions through the LAC Bureau focussing on the protection and promotion of human rights, judicial reform, and election support. The Committee recognizes that Latin American countries share unique regional experiences and characteristics and that sensitive governance programs are best handled by persons with applicable expertise in the LAC Bureau.

Anti-corruption activities and decentralization of authority encourage public confidence in and support for democratic institutions. The Committee encourages the Bureau for Latin America and the Caribbean (LAC) of AID to continue to fund at planned levels (\$1,800,000 in fiscal year 1998) the Regional Financial Management Improvement Project, which promotes transparency and accountability. Moreover, in light of the pronounced trend in the LAC region for decentralized government (to strengthen the autonomy of and devolve power to local elected authorities and foster linkages between citizens and subnational governments in the Western Hemisphere), the Committee encourages LAC to undertake initiatives in decentralization and local governance.

United States efforts to improve justice systems (for both criminal and commercial areas) contribute to the protection of human rights, the rule of law, and a level playing field in commerce. For these reasons, the Committee encourages more aggressive regional

programs related to the administration of justice, rule of law and legal and regulatory reform.

Sec. 517.—Support for Agricultural Development Assistance. The Committee is concerned about the declining level and proportion of U.S. development assistance devoted to agriculture, which has declined from 16% to 8% since 1990. The Committee notes the importance of food security, agricultural development, and agricultural research in fostering sustainable development in the world's developing countries. Therefore, the Committee has recommended that AID, at a minimum, fund agriculture, rural development, and nutrition programs in FY98 at levels provided in FY97 and to provide, at a minimum, proportionate increases for those same programs if overall development assistance levels increase in FY98.

Subchapter B—Operating Expenses

Sec. 521.—Operating Expenses Generally. This section authorizes AID's operating expenses at the level of \$473 million for FY98 and \$465 million for FY99.

The Committee is deeply concerned about the accounting systems of AID. The Committee understands that AID currently uses 11 accounting systems that are not interrelated and are not able to meet current statutory requirements for audited statements and performance results. The Committee is concerned about reports, put forward by AID's Inspector General and backed by the General Accounting Office, that repeatedly highlighted the fatal flaws and miscalculations that AID has made in implementing the New Management System ("NMS"). The Committee heard testimony from AID and the Inspector General that AID successfully waived standard General Services Administration procurement rules that would have required the purchase of an off-the-shelf system to meet AID's needs. AID management rejected that option and the testing required by its own consultants at Carnegie-Mellon University and attempted an overly ambitious effort to design an entirely new computer and accounting system.

The IG noted hundreds of flaws needed to correct the system, some of them remain crucial to any functioning of the system. In sum, AID spent between \$70–90 million on this computer and accounting system that does not work. The Committee applauds the recent decision of AID management to turn the NMS off at overseas missions. The Committee expects that AID will not attempt to resurrect this system until the flaws have been eliminated and the system has been fully tested.

Sec. 522.—Operating Expenses of the Office of the Inspector General. This section authorizes AID's Inspector General's expenses at the level of \$29,047,000 for Fiscal years 1998 and 1999.

The Committee is concerned about reports that the IG has cut foreign service national overseas investigatory staff. With the expansion of programs in this bill, the Committee expects the IG to boost the overseas presence of the IG staff, with special emphasis on "high threat" countries in Eastern Europe and the NIS.

Chapter 3—Urban and Environmental Credit Program

Sec. 531.—Urban and Environmental Credit Program. This provision changes the name of the Housing Program to the above

name and eliminates some outdated provisions of the FAA housing section.

Chapter 4—The Peace Corps

Sec. 541.—Authorization of Appropriations. This section authorizes the Peace Corps at the levels of \$222 million for FY98 and \$225 million for FY99.

The Committee commends the Peace Corps for its creation of a Crisis Corps that will allow experienced volunteers and returned volunteers to provide shorter-term assistance during humanitarian crises and natural disasters. With their skills and experience, Peace Corps veterans are a ready, valuable resource, and the Crisis Corps provides an additional opportunity to extend the benefits of this country's investment in the Peace Corps.

The success of the Crisis Corps' pilot projects in the Caribbean and Africa is most encouraging. The Committee therefore strongly urges the Peace Corps to expand the Crisis Corps to reach many more of those affected by disasters.

Sec. 542.—Activities in the Peace Corps in the Former Soviet Union and Mongolia. This provision allows not more than \$11 million may be transferred from FY98 and 99 funds to support Peace Corps activities in this region.

Sec. 543.—Amendments to the Peace Corps Act. Subsection (1) provides a short title, the "Peace Corps Act Amendments of 1997," for the Act.

Subsection (2) amends section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) (hereinafter the "Act") to authorize the appropriations of \$222,000,000 for programs under the Act for fiscal year 1998. This sum, the amount of the President's budget request, is authorized to remain available for obligation until September 30, 1999. Section 2 also authorizes the appropriations of such sums as may be necessary for fiscal year 1991, to remain available until September 30, 2000.

Subsection (3) makes several technical changes to section 5 of the Peace Corps Act,¹ "Terms and Conditions of Volunteer Service," (hereinafter the Act) to reflect changes in statutory citations and, in one case, a court decision, that have occurred since enactment of the Act.

Subsection 3(a) strikes out "Civil Service Commission" in section 5 (f)(1)(B) and inserts in lieu thereof "Office of Personnel Management." The Civil Service Commission was replaced by the Office of Personnel Management in 1966.

Subsection 3(b) amends section 5(h) of the Act (22 U.S.C. 2504(h)) in several respects.

It strikes out references to the Federal Voting Assistance Act of 1955 (5 U.S.C. 2171 et seq.), the Act of June, 1954, chapter 264, section 4 (5 U.S.C. 73b-5, the Act of December 23, 1944, chapter 716, section 1, as amended (31 U.S.C. 492a)" and inserts reference to 5 U.S.C. 5732 and 31 U.S.C. 3342. The Federal Voting Assistance Act has been repealed and replaced by a provision (42 U.S.C. 1973cc et seq.). That is available to all American citizens overseas. It is unnecessary to consider Volunteers federal employees to pro-

¹ 22 U.S.C. 2504.

vide them with the benefits of the Act; therefore, the reference to voter assistance in this provision can be deleted. The replacement of references to sections of titles 5 and 31 with references to 5 U.S.C. 5732 and 312 U.S.C. 3342 reflect recodification of provisions relating to reimbursement for the cost of transportation of baggage and effects and check cashing privileges in those titles. No substantive change is involved.

Subsection 3(c) deletes the requirement contained in section 5(j) of the Act² that Volunteers swear (or affirm) that they do not advocate the overthrow of the government by force, or belong to an organization that so advocates. This requirement was declared unconstitutionally vague in 1969.³ It also replaces the reference to “section 1757 of the Revised Statutes of the United States, as amended (5 U.S.C. 16)” with “section 3331 of title 5, United States Code,” reflecting the codification of the statutory oath for employees in 1966.

Subsection 4 amends section 10 of the Act, “General Power and Authorities,” in two respects.

Subsection 4(a) replaces the reference to 31 U.S.C. 665(b) with “31 U.S.C. 1342,” reflecting the 1982 revision of title 31.

Subsection 4(b) revises paragraph 10(a)(5) of the Act⁴ to make the legal status of Peace Corps personal services contractors consistent with that of personal services contractor employed by other foreign service agencies.

Subsection 10(a)(5), as now written, authorizes the Peace Corps to contract with U.S. citizens for personal services abroad, and with aliens for services in the United States or abroad. However, section 10(a)(5) also provides that personal services contractors are not deemed employees of the United States for any purpose. This language is more restrictive than that applicable to other foreign service agencies, which limits the exclusion to laws administered by the Office of Personal Management.

The requested amendment to section 10(a)(5) would make it consistent with the provisions applicable to personal services contractors of the Department of State⁵ and USAID.⁶ One consequence of the amendment would be to authorize extension of coverage under the Peace Corps’ authority to negotiate settlements of tort claims abroad, which is now limited to claims arising from the acts or omissions of employees or Volunteers, to claims arising from the acts of personal services contractors.⁷ Many peace Corps medical officers for example, who frequently use vehicles in the performance of their duties, are personal services contractors.

This amendment would not require the Peace Corps to accord personal service contractors any benefits they do not currently enjoy. However, by giving the Peace Corps the same personnel flexibility as other foreign affairs agencies, it would help to eliminate the difficulties created overseas when personal services contractors employed by different U.S. government agencies receive different benefits. It would also enable the Peace Corps to accord

² 22 U.S.C. 2504(j).

³ *Steward v. Washington*, 301 F.Supp. 610– (DDC 1969).

⁴ 22 U.S.C. 2509(a)(5).

⁵ Section 2(c) of the State Department Basic Authorities Act of 1956, 22 U.S.C. 2669(c).

⁶ Section 636 (a)(3) of the Foreign Assistance Act of 1961, 22 U.S.C. 2396(a)(3).

⁷ U.S.C. 2509(b).

its personal service contractors benefits, such as reimbursement for property losses incurred incident service, that are comparable to those received by other Peace Corps employees. Elimination of the need for special treatment for personal services contractors at overseas posts would also result in savings in administrative costs for the agency.

Subsection 5 makes several technical changes, and one substantive addition to section 15 of the Act.⁸

Subsection 5(a) amends section 15(c)⁹ by striking out “Public Law 84–918 (7 U.S.C. 1881 et seq.)” and inserting in lieu thereof “subchapter VI of chapter 33, title 5, United States Code (5 U.S.C. 3371 et seq.)” Section 15(c) of the Peace Corps Act authorizes training for employees at private and public agencies. The statutory provisions relating to employee training were transferred from title 7 to title 5 in 1970.

Subsection 5(b) amends paragraph 15(d)(4)¹⁰ by striking out “section 9 of Public Law 60–328 (31 U.S.C. 673)” and insert in lieu thereof “31 U.S.C. 1346.” This section of the Peace Corps Act authorizes the payment of expenses of attending meetings related to the Peace Corps Act. No substantive changes is intended. It is another change required by the 1982 revision of title 31.

Subsection 5(c) amends paragraph 15(d)(6)¹¹ by striking out “without regard to section 3561 of the Revised Statutes (31 U.S.C. 543).” This statute, which contained a restriction on currency exchanges, was repealed and not replaced when title 31 was codified in 1982.

Subsection 5(d) amends paragraph 15(d)(11)¹² by striking out “Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.)” and inserting in lieu thereof: “Foreign Service Act of 1980, as amended (22 U.S.C. 3901 et seq.)” The Foreign Service Act was rewritten and renamed in 1980.

Subsection 5(e)–(g) add a new paragraph (13) to subsection 15(d).¹³ The new paragraph would exempt the Peace Corps from the provisions of the “Fly America Act”¹⁴ with respect to flights between two points abroad to the same extent other foreign service agencies are exempt from it.

Under 49 U.S.C. 40118(d), the Department of State, USIA, IDCA (including USIA), and the Arms Control and Disarmament Agency are exempt from the requirements of the “Fly America Act” for travel between two places outside the United States by employees and their dependents. Determining which carriers overseas are U.S. certified or have agreements with the U.S. that qualify them under the Fly America Act is a complex undertaking. Posts and individuals must make decision in this area at the risk of having their travel costs disallowed. As with the issue of the status of personal services contracts, the Peace Corps believes that administrative provisions affecting foreign service agencies should be as consistent as possible. For instance, as Peace Corps employee who is

⁸22 U.S.C. 2514.

⁹22 U.S.C. 2514(c).

¹⁰22 U.S.C. 2514(d)14.

¹¹22 U.S.C. 2514 (d)(6).

¹²22 U.S.C. 2514(d)(11).

¹³22 U.S.C. 2214(d).

¹⁴49 U.S.C. 40118.

flying with a USAID employee to attend a meeting should be able to fly on the same plane without fear of being penalized under the “Fly America Act.”

This provision would extend to Peace Corps employees and Volunteers the same treatment now available to other foreign service agency employees.

Chapter 5—International Disaster Assistance

Sec. 551.—Authority to Provide Reconstruction Assistance.

This section broadens the authority to use disaster assistance for short term rehabilitation and reconstruction.

Sec. 552.—Authorization of Appropriations. This section authorizes \$190,000,000 for FY98 and 99.

Chapter 6—Debt Relief

Sec. 561.—Debt Restructuring for Foreign Assistance. The Committee recognizes that for many of the poorest countries there is not prospect for sustainable development and growth without substantial debt reduction. It supports the fundamental objective of achieving a sustainable level of external debt for eligible poorest countries, through action under “Naples Terms” (up to 67% debt reduction) or, where needed, deeper relief through the new global debt initiative for Heavy Indebted Poor Countries (“HIPC”). Debt relief should proceed in the context of strong economic reform efforts to maximize the potential benefit to the debtor’s economy.

The Committee noted that some 25 countries have qualified for Naples Terms debt relief so far, but that some of the poorest countries will clearly need additional action, including measures to reduce debts owed to the international financial institutions. It welcomes recent decisions within the International Monetary Fund, the World Bank, and other international institutions to participate actively in the new HIPC debt initiative for these countries. This program should offer new hope for many of the poorest countries in Africa and Latin America. The Committee understands that the continuing program for poorest country debt reduction should leverage over \$1 billion in U.S. debt reduction and some \$33 billion in debt reduction worldwide, through comparable action by other creditors. For each dollar authorized and appropriated, almost \$580 in debt relief will be provided worldwide.

The Committee notes that this should be the final appropriation for debt forgiveness for Jordan, pursuant to the historic peace agreement signed between the Hashemite Kingdom of Jordan and the Government of Israel in 1994. Funding for this program would further the commitment made by the United States to Jordan in support of these peace efforts and enable the United States to forgive the remaining concessional loans authorized under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended. This carries the appropriations authorization for Treasury Department debt restricting.

Sec. 562.—Debt Buybacks or Sales for Debt Swaps. The Committee continues to strongly support the sale of U.S. concessional debt under a buyback/swap program to eligible Latin America or Caribbean debt or countries, or, through swaps to third parties to support investment or environmental, child survival, or development

programs. It expects that this program will be carried out at zero budget cost. Debtor countries interested in participating in the program must meet the economic and political criteria outlined in the original Enterprise for the Americas legislation. The Committee welcomes the Administration consideration of Jamaica and Peru for this program, and recent interest expressed by Guatemala and the Dominican Republic. It urges the Administration to move forward with this program with all deliberate speed.

Chapter 7—Other Assistance Programs

Sec. 571.—Exemption from Restrictions on Assistance through Nongovernmental Organizations. This section carries current appropriations law that relaxes restrictions on aid delivered through NGOs.

Sec. 572.—Funding Requirements Relating to United States Private and Voluntary Organizations. This section carries current appropriations law requiring groups to raise 20 percent of their funds from private sources but without a waiver. The Committee understands that less than 20 groups currently receiving AID grants as “Private” Voluntary Organizations raise less than 20% of their funding from the private sector.

Sec. 573.—Documentation Requested of Private and Voluntary Organizations. This section carries current appropriations law on the documentation required of PVOs.

Sec. 574.—Encouragement of Free Enterprise and Private Participation. This section reestablishes the priority of private sector growth in development programs.

Sec. 575.—Sense of Congress Relating to United States Cooperatives and Credit Unions. Section 575 expresses the sense of Congress in support of cooperatives and credit unions. These institutions provide more loans for micro enterprises than all other sources of credit combined. Many of these cooperatives have their origins in the 1800’s and have historically lifted low-income people out of poverty and provided non-collateralized loans to people who could not get loans from commercial banks. Cooperative credit programs often rely on mobilized savings or member equity.

A critical difference between cooperatives and other microenterprise lending institutions are that cooperatives are member-owned and do not discriminate in their membership including by income levels. Often cooperatives themselves are provided with a single loan which is on-loaned to members.

Because of the nature of cooperatives, most of their loans are under \$300. The Committee directs that AID shall consider microloans to cooperatives as meeting the poverty lending criteria. Further, the Committee directs AID to include farmers and farming operations as micro-enterprises in its lending programs.

Sec. 576.—Food Assistance to the Democratic People’s Republic of Korea. The Committee does not oppose the delivery of limited food assistance to the Democratic People’s Republic of Korea, if it can be certain that the food deliveries will indeed reach women and children in need. The Committee is concerned about credible reports that in the past there may have been attempts to divert humanitarian food aid in North Korea to replenish military stockpiles.

The Committee expects there to be an extremely high level of confidence that any U.S. shipments of food aid will not be similarly diverted. Likewise, the Committee would not support food assistance if the North Korean Army refuses to tap into its stockpile of food reserves.

The Committee does not favor food assistance that is opposed by the Government of the Republic of Korea, and expects any food deliveries to be properly monitored to ensure that they reach the intended recipients. The committee also notes that the famine is the product of misguided governmental policies, and that the United States must press the government of the DPRK to fundamentally reform their agricultural system.

The Committee notes that, despite the widespread famine across the country, the North Korean military budget continues to increase. We also note that the DRPK continues to pose a serious risk to U.S. troops stationed in South Korea, and that North Korean Government officials routinely threaten aggressive actions against U.S. and ROK forces. Other fundamental concerns include the DPRK's test of medium-range ballistic missiles, continued export of terrorism, and refusal to participate in North-South talks. While the Committee is mindful of the genuine suffering from the famine in the DPRK, we believe the humanitarian issues cannot be viewed in isolation. The Committee anticipates that any provision of food aid should be part of a comprehensive strategy toward North Korea.

Sec. 577.—Withholding of assistance to countries that provide nuclear fuel to Cuba. Section 577 amends the FAA to withhold from United States assistance allocated to any country an amount equal to the aggregate value of nuclear fuel and related assistance or credits provided by that country or any entity of that country to Cuba.

This withholding requirement would not apply if Cuba, (1) ratifies and complies with the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty of Tlatelolco; (2) negotiates and complies with full-scope safeguards of the International Atomic Energy Agency; and, (3) is in compliance with internationally accepted safety standards.

The committee is concerned about the security threat to the United States should Cuba gain access to nuclear fuel enabling the operation of the research reactors at the Pedro Pi Nuclear Facility and providing Cuba with plutonium derived from the spent nuclear fuel. Russia currently has a \$30 million contract to provide Cuba with nuclear fuel. This contract, unlike a previous contract, does not require Cuba to return any spent fuel to Russia. Plutonium is a radioactive and poisonous metal by-product of all uranium fueled reactors and a key component in both atomic and hydrogen bombs.

The committee further notes its concern that, (1) the nuclear reactors in question are similar in construction to the Russian built reactors in North Korea; (2) Cuba has not ratified the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty of Tlatelolco; (3) according to officials at the Nuclear Regulatory Commission, Cuba has not permitted the International Atomic Energy Agency to inspect the Pedro Pi Facility or nuclear reactors at the facility; (4) a potential nuclear accident in Cuba could result in ra-

radioactive fallout as far north as Washington, DC and as far west as Texas.

Title VI—Trade and Development Agency

The Committee believes that the world-wide improvement of export controls, especially in the New Independent States, is an important priority for U.S. non-proliferation policy. The Committee urges the Administration to devise a long-term program to fund U.S. efforts to improve such export controls. The State, Commerce, and Defense Departments (and other relevant agencies) should agree to a program that balances their expertise and financial obligations, so that funding and responsibility for export controls do not continue to be a topic of continuing bureaucratic friction. The point here is that the Executive branch needs to devise a long-term plan for funding so that the U.S. national interest in improved export controls is advanced.

Sec. 601.—Authorization of Appropriations. This section authorizes appropriations of \$43 million for Fiscal years 1998 and 1999.

Title VII—Special Authorities and Provisions

Sec. 701.—Enhanced Transfer Authority. Section 701 amends section 610 of the Foreign Assistance Act of 1961 to enhance the authority of the President to transfer funds between accounts under that Act. Section 610 currently permits the President to transfer not to exceed 10 percent of the funds made available to carry out any provision of the Foreign Assistance Act. As amended by section 701, section 610 of that Act would permit the President to transfer up to 20 percent of the funds made available to carry out any provision of that Act. In addition, as amended by section 701, section 610 of the Foreign Assistance Act would eliminate several exclusions from the President's authority to transfer funds pursuant to section 610. In recognition of the considerable expansion of the President's authority effected by this provision, section 610, as amended by section 701, would require the President to notify the relevant congressional committees pursuant to the reprogramming procedures of section 634A of the Foreign Assistance Act before exercising the transfer authority of the amended section 610.

Sec. 702.—Authority to Meet Unanticipated Contingencies. Section 702 amends section 451(a) of the Foreign Assistance Act of 1961 to increase the fiscal year limitation on the amount of money that the President may draw from funds made available to carry out any provision of that Act in order to meet unanticipated contingencies. Currently, section 451(a) of the Foreign Assistance Act permits the President to draw up to \$25 million during any fiscal year to meet unanticipated contingencies. As amended by section 702, section 451(a) of that Act would permit the President to draw up to \$50 million during any fiscal year to meet unanticipated contingencies.

Sec. 703.—Special Waiver Authority. Section 703 amends section 614 of the Foreign Assistance Act of 1961 to expand the authority of the President to authorize the provision of assistance under that Act, the Arms Export Control Act, or any annual foreign assistance authorization or appropriation act notwithstanding legal prohibi-

tions or restrictions on the delivery of that assistance. Section 703 increases applicable ceilings on the amount of assistance that may be provided during any fiscal year pursuant to an exercise of the authority of section 614 of the Foreign Assistance Act. In addition, section 703 expands the scope of the President's waiver authority under section 614 of the Foreign Assistance Act to include any other law that restricts assistance, sales or leases, or other action under that Act, the Arms Export Control Act, or any annual foreign assistance authorization or appropriation act.

Sec. 704.—Termination of Assistance. Section 704 amends section 617 of the Foreign Assistance Act of 1961 to delete a provision stating that Congress may terminate assistance under any provision of that Act by concurrent resolution. In addition, section 704, amends section 617 of the Foreign Assistance Act to clarify and enhance the President's authority to wind up terminated assistance programs.

Sec. 705.—Local Assistance to Human Rights Groups in Cuba. This section amends section 109 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6039) to clarify that support for individuals and independent nongovernmental organizations for democracy-building efforts in Cuba can include assistance within Cuba and the local costs in Cuba of delivering such assistance. This section states that accountability requirements of the United States Agency for International Development can be satisfied, if necessary, by a "certification" by a person administering such assistance.

Chapter 2—Repeals

Sec. 711. Repeal of Obsolete Provisions. This section contains a list of administration-approved, bipartisan repeals of obsolete provisions.

DIVISION B—FOREIGN RELATIONS AUTHORIZATIONS

Title X—General Provisions

Sec. 1001.—Short title. Section 1001 provides a short title, the "Foreign Relations Authorization Act, Fiscal Years 1998 and 1999", for this Division of the Foreign Policy Reform Act.

Sec. 1002.—Statement of history of legislation. Section 1002 and Section 1001 make clear that the Foreign Relations Authorization Act for Fiscal Years 1998 and 1999, reported by the Committee as Division B of the Foreign Policy Reform Act, shall be effective for all purposes as a separate Act.

Sec. 1003.—Definitions. Title XI—Authorization of Appropriations for Department of State and Certain International Affairs Functions and Activities.

Sec. 1101.—Administration of Foreign Affairs. Section 1101 authorizes appropriations for the Department of State as follows:

(1) \$1,291,977,000 for fiscal year 1998 and \$1,291,977,000 for fiscal year 1999 for Diplomatic and Consular programs.

The recommended level of authorization for Diplomatic and Consular Programs is intended to be utilized to maintain a strong U.S. presence abroad, and to meet current unfunded needs, including security of personnel and overseas U.S. facilities, and does not in-

clude funding for new programs, not presently funded, for environmental conferences, programs, and associated expanded staffing.

(2) \$363,513,000 for fiscal year 1998 and \$363,513,000, for fiscal year 1999 for Salaries and Expenses. The Committee expects that the Department will provide adequate funds and personnel for the Bureau of Democracy, Human Rights and Labor. The Bureau currently has 52 employees and a budget of approximately \$6 million. By way of contrast, the Public Affairs office has 115 employees and a budget of over \$10 million; the Protocol office has 62 employees; and each of the six regional bureaus has an average of about 1500 employees, with a combined budget of approximately \$1 billion. This disparity in resources has important practical consequences which should be addressed in order to give the protection and advancement of internationally recognized human rights the priority it deserves in United States foreign policy.

Section 1101(2)(B) requires that of the total amount authorized for salaries and expenses, \$2,000,000 for each of fiscal year 1998 and fiscal year 1999 are authorized only for the recruitment of minorities into the Foreign Service.

The Committee is concerned about the low levels of representation by minorities in the Department of State's Foreign Service, and particularly in the Senior Foreign Service where minorities make up only about seven percent. Therefore, the Committee supports a strong minority recruitment program. Recruitment initiatives should include: (1) the reinstatement of the Foreign Affairs Fellowship Program; (2) mentoring activities beginning after a candidate has passed the written exam; (3) the creation of long-term relationships with the Hispanic, Asian-Pacific Island and African-American communities; and (4) the active recruitment of minorities for internships.

The Committee notes that the Foreign Affairs Fellowship Program has made a significant contribution toward the Department of State's stated goal of achieving a diverse Foreign Service—of the thirty-six Foreign Service officers in the class of 1996, the Fellowship Program brought in only three African Americans, another three Americans of Asian and Pacific Island descent, and one Hispanic American. The Committee urges the Department of State to make efforts to ensure the adequate promotion of minorities already serving in the Foreign Service. The Committee notes that the Foreign Service benefits from the diverse resources, knowledge, and foreign language ability of its minority officers and that it should recognize these factors when making hiring decisions.

(3) \$64,600,000 for fiscal year 1998 and \$64,600,000 for 1999 for the Capital Investment Fund.

(4) \$373,081,000 for fiscal year 1998 and \$373,081,000 for fiscal year 1999 for Security and Maintenance of Buildings Abroad.

(5) \$4,300,000 for fiscal year 1998 and \$4,300,000 for fiscal year 1999 for Representation Allowances.

(6) \$5,500,000 for fiscal year 1998 and \$5,500,000 for fiscal year 1999 for Emergencies in the Diplomatic and Consular Service.

(7) \$28,300,000 for fiscal year 1998 and \$28,300,000 for fiscal year 1999 for the Office of the Inspector General.

(8) \$14,490,000 for fiscal year 1998 and \$14,490,000 for fiscal year 1999 for the American Institute in Taiwan.

(9) \$7,900,000 for fiscal year 1998 and \$7,900,000 for fiscal year 1999 for Protection of Foreign Missions and Officials.

(10) \$1,200,000 for fiscal year 1998 and \$1,200,000 for fiscal year 1999 for Repatriation Loans.

Sec. 1102.—Authorization of Appropriations—International Organization, Programs, & Conferences. Section 1102(a) authorizes \$960,389,000 for fiscal year 1998 and \$987,590,000 for fiscal year 1999 for Contributions to International Organizations.

Section 1102(b) authorizes \$199,725,000 for fiscal year 1998 and \$199,725,000 for fiscal year 1999 for Voluntary Contributions to International Organizations. This subsection has the following limitations: (A) \$5,000,000 in fiscal year 1998 and \$5,000,000 in fiscal year 1999 for the World Food Program; (B) \$3,000,000 for fiscal year 1998 and \$3,000,000 in fiscal year 1999 for the UN Voluntary Funds for Victims of Torture; and (C) \$10,000,000 for fiscal year 1998 and \$10,000,000 for fiscal year 1999 for the International Program on the Elimination of Child Labor.

Subsection (b)(2)(A) authorizes a \$5 million contribution in each of fiscal years 1998 and 1999 to the World Food Program (WFP). The United States continues to be, by far, the largest donor to the World Food Program. Hundreds of millions of dollars worth of food aid is being provided by the US through WFP to provide help to those most affected in the ever-increasing number of emergencies around the world. This assistance is primarily provided in the form of food aid from the PL 480 program.

Every year the US is expecting more and more from WFP as the key provider of food aid in emergencies. The GAO and the US Congress, in investigating the effectiveness of WFP in the past years, have determined that a larger cash component is urgently required to ensure that food aid is targeted to the most needy. WFP requires this cash contribution from the U.S. to maintain and further improve upon the efficiency and effectiveness of food aid distribution operations in emergency situations such as Rwanda, Bosnia, Liberia and Sudan. This cash contribution approach is consistent with the policies of the other WFP donors. The \$5 million cash contribution from the U.S. should be used by WFP to improve the central administration of their food aid programs.

Subsection (b)(2)(B) authorizes a \$3 million contribution in each of fiscal years 1998 and 1999 to the United Nations Voluntary Fund for Victims of Torture. The Voluntary Fund supports more than 60 projects for the care, rehabilitation, and recovery of torture victims. The Committee urges the Department of State to use the increased United States contribution to the Fund as a challenge to other governments to make similar increases in their voluntary contributions.

Subsection (b)(2)(C) authorizes a \$10 million contribution in each of fiscal years 1998 and 1999 to the International Program on the Elimination of Child Labor (IPEC). IPEC conducts long-term (usually 10 year) in-country projects in nations that have admitted they have a child labor problem and have invited IPEC to help address it. Such projects develop national plans of action, improve legislation and enforcement measures, improve education for the poor, and create economic incentives for change. A number of countries in Africa and elsewhere have requested IPEC assistance and are

waiting for funds to be available to begin their in-country programs for the elimination of child labor.

Section 1102(c) authorizes \$240,000,000 for fiscal year 1998 and \$240,000,000 for fiscal year 1999 for Assessed Contributions for International Peacekeeping Activities.

Section 1102(d) authorizes \$87,600,000 for fiscal year 1998 and \$67,000,000 for fiscal year 1999 for Voluntary Contributions to Peacekeeping Operations.

Section 1102(e) authorizes \$3,000,000 for fiscal year 1998 and \$3,000,000 for fiscal year 1999 for International Conferences and Contingencies.

Section 1102(f) provides the authority to offset adverse fluctuations in Foreign currency exchange rates. Amounts appropriated under this subsection shall be available only upon certification by the Director of the Office of Management and Budget that such amounts are necessary due to such fluctuations.

Subsection 1102(g) requires the withholding from U.S. voluntary contributions to the United Nations Development Program (UNDP) of an amount equal to the amount UNDP intends to spend in Burma during each of the fiscal years 1998 and 1999, unless the President certifies to Congress that UNDP programs in Burma are focused on eliminating human suffering and addressing the needs of the poor; are undertaken only through international or private voluntary organizations that have been deemed independent of Burma's military dictatorship, the State Law and Order Restoration Council (SLORC); provide no financial, political, or military benefit to the SLORC; and are carried out only after consultations with the leadership of the principal Burmese pro-democracy organizations, the National League for Democracy (NLD) and the National Coalition Government of the Union of Burma (NCGUB).

During 1996 and 1997 the SLORC has escalated its campaign against democratic forces inside Burma and along its borders. Hundreds of democracy advocates and members of the major opposition party, the NLD, have been arrested. Access to democratic leader Aung San Suu Kyi has been severely restricted, and the "Weekend Talks" that had provided a forum for thousands of Burmese people to enter into dialogue with opposition leaders have been halted as SLORC troops blockade the roads leading to the compound where the talks were held. SLORC officials and the State-controlled media have called for the "annihilation" of those opposing the regime.

SLORC has also launched a major military offensive against the members of the Karen and Karenni ethnic minorities. This offensive has resulted in a massive exodus of refugees into Thailand and an increase of human rights abuses against ethnic peoples as SLORC moves to gain control of areas of the country dominated by these peoples.

The Committee remains concerned about UNDP programs in Burma. UNDP and Administration officials have assured the Committee that such programs do not benefit the SLORC. Committee members, however, continue to receive reports that UNDP officials regularly consult with the SLORC on Burma programs, that they do not consult with pro-democracy organizations, and that UNDP programs in Burma have the effect of enhancing the international

prestige and domestic power of the SLORC. The certification requirement is intended to provide additional assurances that UNDP programs are truly independent of the SLORC, to make clear to UNDP officials that their activities in Burma should be limited to addressing the basic human needs of the poor and disadvantaged people of Burma, and that they should do so in consultation with the NLD and NCGUB, the duly elected political leadership of the people of Burma.

The Committee expects that in determining whether UNDP programs in Burma meet the conditions set forth in this subsection, the Department shall rely on assessments by experts and non-governmental organizations independent of UNDP. It would be helpful for the Department to consult with the Committee in the selection of such experts and organizations.

ORGANIZATION OF AMERICAN STATES

Of the funds authorized to be appropriated for voluntary contributions to international organizations, the Committee intends that the United States shall contribute to Organization of American States (OAS) democracy activities in addition to technical assistance programs. Of the sum allocated to OAS democracy activities, it is the intent of the Committee that 40 percent shall be made available to the Inter-American Commission on Human Rights (IACHR) to support *in situ* visits and technical assistance for national human rights offices; 20 percent shall be made available for activities by the Unit for the Promotion of Democracy (UPD) for activities to strengthen local human rights organizations; and not less than 20 percent shall be made available to UPD for activities to professionalize national election councils. The Committee contemplates a contribution to the IACHR with the expectation that the IACHR will continue publishing special chapter on human rights developments in select countries as part of its annual report.

FOOD AND AGRICULTURE ORGANIZATION

The Committee recommends that the Secretary of State should pay the current assessments in fiscal year 1998 for the Food and Agriculture Organization (FAO) and believes that the resource levels authorized in the bill are sufficient for this purpose. The Committee notes the importance of continued U.S. leadership in international organizations such as the FAO that provide a global framework for encouraging and facilitating international trade in food, agriculture, fisheries and forestry products.

In particular, the Committee notes the importance of FAO's activities, such as data collection and dissemination, standard setting through the Codex Alimentarius and the International Plant Protection Convention, agricultural genetic resources, and control of transboundary agricultural pests and diseases. These activities directly benefit U.S. industry and reduce the cost of other related programs of the U.S. Department of Agriculture.

The Committee notes with satisfaction that reform of the FAO over the past three years. While maintaining support for programs of vital interest to the U.S., this agency has: (1) reduced its budget by 3.4% in the 1996-97 biennium; (2) cut overall staff by 11% and headquarters staff by 19%; (3) downgraded and abolished unnece-

sary middle management positions; (4) improved the ratio of professional to support staff; and (5) eliminated meetings and publications, and reduced travel expenses.

Recognizing that U.S. resources are likely to be limited for all U.N. agencies, the Committee urges the U.S. to use its voice and vote to focus this agency on its programs of key importance to the U.S., including those described above.

WORLD HEALTH ORGANIZATION

The Committee commends the World Health Organization (WHO) for its efforts to combat new and re-emerging infectious diseases, particularly its capacity to mobilize staff and personnel immediately after the notification of an outbreak, as was the case with the outbreak of Ebola fever in Zaire in 1995. With the development of public health laboratories, WHO has strengthened regional and international collaboration in detecting and controlling the outbreak of infectious diseases.

The Committee notes that the WHO has collaborated with UNICEF in controlling diphtheria epidemics in the Russian Federation, several other NIS countries, and Mongolia, and their collaborative immunization efforts against pertussis, measles, tuberculosis and other diseases have saved millions of children from death and disability. Their integrated management approach for the prevention and treatment of childhood disease is to be commended.

The WHO should continue to focus its efforts on infant, child and adolescent health, as well as its efforts to fight infectious diseases, food-borne diseases and insect-borne diseases. Its information system (WHONET) supports the global surveillance of bacterial resistance to antimicrobial agents and its FAO/WHO Codex Alimentarius Commission ensures that internationally agreed food standards are consistent with health protection.

The Committee commends the efforts of the WHO in adopting education programs aimed at the prevention of noncommunicable diseases related to lifestyle and diet, but cautions that the best nutrition guideline is "a wide variety in moderation", and that foods and their purveyors cannot be categorized as "good" or "bad".

Sec. 1103.—Authorization of Appropriations—International Commissions. Section 1103 authorizes appropriations for the International Commissions account of the Department of State to fulfill the U.S. share of treaty and other international obligations involving Canada, Mexico and other countries on international boundary and fisheries matters.

Specifically, this section authorizes to be appropriated \$18,490,000 for fiscal year 1998 and \$18,490,000 for fiscal year 1999 for Salaries and Expenses of the International Boundary and Water Commission; \$6,493,000 for fiscal year 1998 and \$6,493,000 for fiscal year 1999 for Construction for the International Boundary and Water Commission; \$785,000 in fiscal year 1998 and \$785,000 in fiscal year 1999 for the International Boundary Commission, United States and Canada; \$3,225,000 for fiscal year 1998 and \$3,225,000 for fiscal year 1999 for International Joint Commission; and \$14,549,000 for fiscal year 1998 and \$14,549,000 for fiscal year 1999 for the International Fisheries Commissions.

Sec. 1104.—Authorization of Appropriations—Migration and Refugee Assistance. Section 1104 authorizes to be appropriated \$623,000,000 for fiscal year 1998 and \$623,000,000 for fiscal year 1999 for Migration and Refugee Assistance. Subsection (2) authorizes of the amounts appropriated: \$1 million for each fiscal year for humanitarian assistance for Tibetan refugees in India and Nepal.

Section 1104(b) authorizes \$80,000,000 for each fiscal year for the resettlement of refugees in Israel. Section 1104(c) authorizes for each fiscal year \$1,500,000 for humanitarian assistance for displaced Burmese.

This section provides \$704.5 million in each of fiscal years 1998 and 1999 for the Migration and Refugee Assistance (MRA) account. The Committee notes that reductions in prior years in the amount provided for refugee assistance, together with the affects of a inflation and exchange rates, have resulted in an alarming trend toward understaffing in the protection division of the United Nations High Commissioner for Refugees (UNHCR), as well as in reductions of resources available to non-governmental organizations engaged in protection and resettlement of refugees from countries including Bosnia, Rwanda, Burundi, Iran, Liberia, Sudan, and Tibet. This resource shortfall has had the dual effect of creating pressure for premature repatriation of refugees and of making it impossible to ensure that such repatriation is conducted safely and humanely. The amount provided for the MRA account in this section represents a 5% increase over the amount provided in fiscal years 1994 and 1995. This amount is sufficient to compensate only for about half of the 10.3% reduction in resources due to inflation since fiscal year 1994, and is somewhat lower than the increases provided for the Department's operating accounts over the same period.

UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

The Committee takes special note of the needs of vulnerable refugee children, particularly those separated from their parents, and recommends that the United States take the lead and support initiatives for vulnerable children.

Subsection (a)(2) authorizes \$1,000,000 for humanitarian assistance to Tibetan refugees. The government of China continues to repress the Tibetan people. The Committee recognizes that Tibetan refugees continue to flee Tibet in order to seek resettlement in India and elsewhere. They are assisted by the Central Tibetan Administration (CTA) under the leadership of the Dalai Lama. The Department of State has designated the Tibet Fund to facilitate the implementation of humanitarian assistance provided for these refugees since fiscal year 1991. The Committee acknowledges that while the present regime remains in power in Beijing there is no foreseeable prospect for these refugees to return to their homes. Moreover, the CTA has substantiated the need for further humanitarian assistance to the thousands of Tibetans who remain unsettled in India. The \$1,000,000 provided for each of fiscal years 1998 and 1999 should be made available through the Tibet Fund.

Subsection (c) authorizes \$1,500,000 for assistance to displaced Burmese along the border between Burma and Thailand, including the Karen refugees who have been subjected to cross-border attacks

by the SLORC and allied military forces, the burning of their homes, and forced repatriation to Burma. The Committee hopes that continued United States support for these refugees and displaced persons will be helpful in persuading the Royal Thai Government to reaffirm its traditional attitude of generosity and protection toward them.

Sec. 1105.—Authorization of appropriations—Asia Foundation. Section 1105 authorizes to be appropriated \$10,000,000 in fiscal year 1998 and \$10,000,000 in fiscal year 1999 for the Asia Foundation.

The Asia Foundation is a grant making organization which advances U.S. interests in the Asia-Pacific region by promoting democracy, the rule of law, liberalization of trade and investment, and peaceful relations within the region.

The Committee supports the Foundation's work and believes the authorized level of funding is necessary to support Foundation programs which are clearly in the interest of the United States and which can best be influenced by the Foundation as a private, non-governmental organization with unique experience in the region.

Sec. 1106.—Authorization of Appropriations for USIA. Section 1106 authorizes to be appropriated the following amounts for international information activities, educational and cultural exchange programs and international broadcasting:

(1) \$434,097,000 for fiscal year 1998 and \$434,097,000 for fiscal year 1999 for Salaries and Expenses.

(2) \$6,350,000 for fiscal year 1998 and \$6,350,000 for fiscal year 1999 for the Technology Fund.

(3)(A) \$94,236,000 for fiscal year 1998 and \$94,236,000 for fiscal year 1999 for Fulbright Academic Exchange Programs.

(3)(B) \$500,000 for fiscal year 1998 and \$500,000 for fiscal year 1999 for South Pacific Exchanges.

(3)(C) \$500,000 for fiscal year 1998 and \$500,000 for fiscal year 1999 for East Timorese Scholarships.

(3)(D) \$500,000 for fiscal year 1998 and \$500,000 for fiscal year 1999 for Tibetan Exchanges.

(3)(E) \$97,995,000 for fiscal year 1998 and \$97,995,000 for fiscal year 1999 for other exchange programs.

(4) \$334,655,000 for fiscal year 1998 and \$334,655,000 for fiscal year 1999 for International Broadcasting activities.

(5) \$30,000,000 for fiscal year 1998 and \$30,000,000 for fiscal year 1999 for Radio Construction.

(6) \$10,000,000 for fiscal year 1998 and \$10,000,000 for fiscal year 1999 for Radio Free Asia.

(7) \$22,095,000 for fiscal year 1998 and \$22,095,000 for fiscal year 1999 for Broadcasting to Cuba.

(8) \$10,000,000 for fiscal year 1998 and \$10,000,000 for fiscal year 1999 for the Center for Cultural and Technical Interchange between East and West.

(9) \$30,000,000 for fiscal year 1998 and \$30,000,000 for fiscal year 1999 for the National Endowment for Democracy.

(10) \$2,000,000 for fiscal year 1998 and \$2,000,000 for fiscal year 1999 for the Center for Cultural and Technical Interchange Between North and South.

FULBRIGHT SENIOR SCHOLAR PROGRAM

The Committee commends USIA for opening up the administration of the Fulbright Senior Scholar Program for competition. The Committee strongly urges that the competition be conducted in such a way as to take maximum advantage of the unique competitive strengths of exchange organizations that have expertise and experience in specific regions of the world.

RADIO FREE ASIA

The Committee believes that Radio Free Asia (RFA) is now a key component of our international broadcasting operations and plays an important role in our policy toward Asia. As part of RFA's continued viability, and as part of the Voice of America's broadcasts to Asia, the Committee supports the completion of the Tinian relay station, which is the only U.S.-owned facility on U.S. soil capable of transmitting a reliable signal to China.

VOICE OF AMERICA PROGRAMMING

Voice of America (VOA) should explore opportunities to expand the types of programs currently produced to include a wider range of U.S. interests. Such programming could address the individual interests of the 50 States and territories on topics of trade and tourism. Many States have active international programs to promote their products and destinations and are looking for additional marketing opportunities. The Committee is aware that States have expressed support for this idea of utilizing the worldwide capacity of VOA to promote their individual interests.

BOOK DONATION PROGRAM

The Committee notes the continued funding for logistic support for book donation programs and related Internet and other digital information technologies. Such programs managed by private voluntary organizations multiply the benefit of federal dollars with private sector support and assist in opening new markets for U.S. business. They also have the intrinsic value of promoting the free movement of ideas and the growth of knowledge.

CLAUDE AND MILDRED PEPPER SCHOLARSHIP PROGRAM

The Committee recognizes the contributions of the Executive Education Program for Central European Business and Professional Leaders in facilitating a smooth transition to a market economy in the emerging republics of Central Europe. The program has proven to be mutually beneficial to the U.S. through development of increased export trade with these new republics. The Committee supports the leadership program's plan to expand its business outreach activities into one or more emerging democracies of Latin America such as Argentina, Brazil, Chile and Columbia. This leadership program is a component of the Claude and Mildred Pepper Scholarship Program of the Washington Workshops Foundation.

Sec. 1107.—Authorization of Appropriations for US Arms Control & Disarmament Agency. Section 1107 authorizes to be appropriated \$44,000,000 for fiscal year 1998 and \$44,000,000 for fiscal year 1999 for the Arms Control and Disarmament Agency. This

section also authorizes such sums as may be necessary for each of the fiscal years 1998 and 1999 for increases in salary, pay, retirement, other employee benefits authorized by law, and to offset adverse fluctuations in foreign currency exchange rates.

Sec. 1201.—Revision of the State Department Rewards Program. Section 1201(a) rewrites the State Department rewards program to update this important tool used in capturing fugitives abroad in cases of terrorism and narcotics offenses. Changes include raising the cap on the funds available for the rewards program, and allowing rewards to be paid for help in preventing counterfeiting of US currency by state sponsors and others supporting terrorism. The Secretary is required to submit a report to Congress when a reward payment is made, as well as an annual report that summarizes all rewards or expenditures made from this account.

The section also clarifies that determinations by the Secretary of State regarding counterterrorism and narcotics-related rewards are solely at the discretion of the Secretary, in consultation as appropriate with the Attorney General and are not subject to judicial review. This conforms the State Department rewards program to similar provisions in various statutes comprising reward authorities of the Attorney General, including those related to domestic terrorism. This will preclude unnecessary lawsuits that could divert Department resources, as well as bring unwarranted negative publicity to the rewards program and discourage potential informers.

Section 1202(b) makes available to carry out the rewards program up to two percent of Foreign assets frozen by the President under the International Emergency Economic Powers Act.

Sec. 1202.—Foreign service national separation liability trust fund. Section 1202 authorizes the interest earned on this trust fund to be retained within the account. The Foreign Service National Separation Liability Trust Fund was established as an account into which agencies deposit and accrue funds to make separation payments to foreign national employees in countries in which separation pay is required by local law.

Sec. 1203.—Capital Investment Fund. Section 1203 amends section 135 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 2684a) to allow the Capital Investment Fund to be used for the procurement and upgrade of information technology and other related capital investments for the Department of State.

Section 135(e) is amended to eliminate as duplicative the requirement that subjects money in the Fund to Congressional reprogramming requirements before it is obligated. The Department will follow reprogramming procedures when it proposes to obligate or expend monies from the Fund. The Committee understands that the Department will explain potential uses of the Fund in its Congressional Presentation Document.

Sec. 1204.—International Center reserve funds. Section 1204 amends current law to allow the Secretary of State to accrue and retain the interest collected on the International Chancery Center reserve account to be used to pay for maintenance and security costs, subject to the availability of appropriated funds.

Sec. 1205.—Proceeds of Sale of Foreign Properties. Section 1205 provides the authority to invest proceeds of sales from real property assets overseas in an interest bearing account.

Sec. 1206.—Reduction of reporting requirements. Section 1206 repeals five State Department reporting requirements: (1) a report on Foreign service personnel; (2) a report on participation by United States military personnel abroad in United States elections; (3) country reports on economic policy and trade practices; (4) a report on social and economic growth; and (5) a report on the implementation of the Chemical Biological Weapons and Warfare Elimination Act of 1991.

Sec. 1207.—Contracting for local guards services overseas. Section 1207 amends section 136 of PL 101–246 by repealing subsection (c)(7) and replacing (c)(3) with a more efficient process for evaluating requests for proposals for contracts for the local guard program. These changes continue a preference for firms and joint ventures qualifying under an existing definition of a United States person.

The current legal mandate requires use of an extensive point-scored technical evaluation process which involves precise scoring of subjective information for the purpose of determining the winner of local guard contracts. This requirement adds considerably to the time required to award competitive overseas guard contracts. The Committee understands that the proposed change to the legislation would retain its benefits in a more streamlined source selection process. The evaluation would determine the acceptability of the technical proposal, followed by use of a price preference which reduces the price of United States firms by five percent for evaluation purposes.

Sec. 1208.—Preadjudication of claims. Section 1208 amends section 4 of the International Claims Settlement Act to permit the Foreign Claims Settlement Commission to preadjudicate claims by United States citizens. Preadjudication would provide the Department with important information on the value and validity of claims by the U.S. public in advance of the negotiations and conclusion of an agreement. The Committee understands that in the event of preadjudication, the Secretary of State will make every effort to inform affected persons.

Sec. 1209.—Expenses relating to certain international claims and proceedings. Section 1209 allows the Department to accept in certain cases reimbursement from private sector claimants for tribunal expenses, salaries and ordinary expenses. The intent of this provision is to allow the Department to accept reimbursement from claimants who would normally pay for the legal expenses of pursuing a claim. In such cases the Department would be able to accept a voluntary contribution.

Sec. 1210.—Establishment of fee account and providing for passport information services. Section 1210 establishes a new fee account dedicated to funding the operations of the State Department. The fees collected and deposited into the special account pursuant to this section consist of immigration, passport, and other fees previously deposited in the Treasury as miscellaneous receipts. The fees may be used only in advance in Appropriation Acts. Not more than \$455,000,000 may be made available unless a modification is

submitted under reprogramming provisions of law. The retained fees are used to reduce the appropriation request for the Diplomatic and Consular Programs account.

This section also requires that the Department provide certain information free of charge to citizens inquiring about the processing of their passports, and authorizes \$5 million from passport fee collections to be used for this purpose.

Section 1210(e) makes available from amounts deposited in the fund created by section 1210(a) \$5 million for each of the fiscal years 1998 and 1999 for the purpose of providing passport information without charge to citizens of the United States. Such information includes information: (a) about who is eligible to receive a United States passport and how and where to apply; (b) about the status of pending applications; and (c) the names, addresses and telephones numbers of State and Federal officials who are authorized to provide passport information in cooperation with the Department of State.

The Committee believes that U.S. citizens should have free access to basic information generated by their Government. The Committee suggests that an "800" number may be an appropriate way to provide access to this information.

The Committee also expects the Department to reaffirm its traditional co-operation with other federal, state, and local officials who have supplied this information to the public in the past. For instance, in New Jersey, Country Clerks of the Court serve as the designated acceptance facility for passport applications. These offices offer free assistance and information to citizens via telephone or office visits. The State Department's decision to channel all inquiries through a pay-for-service 900 phone line ignores the personal assistance people can receive at the locally designated facilities. People who are calling under a deadline or in the midst of a family crisis deserve the opportunity to talk directly to passport officials who can help them. No other federal agency has attempted to charge citizens when they follow up on the status of their application or inquiry.

Sec. 1211.—Establishment of machine readable fee account. Section 1211 authorizes the collection and retention of fee changes current law, which allows machine readable visa fees to be collected as an offsetting collection. Consistent with Section 1210, this change treats these fees as receipts, and makes them available for border security activities of the Department of State, and puts the fees on budget subject to appropriation. Not more than \$140,000,000 maybe made available in any fiscal year unless a modification is submitted under reprogramming provisions of law.

Sec. 1212.—Retention of additional defense trade controls registration fees. Section 1212 amends section 45(a) of the State Department Basic Authorities Act to enable the Department to retain all of the registration fees that the Department's Office of Defense Trade Controls collects. This section eliminates the \$700,000 cap on such retentions. The additional fees will be used for enhanced reporting on end-use monitoring and expanded registration and licensing and company audits.

Sec. 1213.—Training. Section 1213 amends section 701 of the Foreign Service Act of 1980 by adding a new subsection 701(e)(1)

to allow the State Department to provide training for employees and their family members of United States companies operating overseas on a reimbursable basis. In addition, this section allows the Department to provide foreign language training on a reimbursable basis to Members and employees of Congress.

Section 1213(b) authorizes the Secretary of State to charge a fee for use of the National Foreign Affairs Training Center Facility. These fees shall be deposited as an offsetting collection to any State Department appropriation and shall remain available until expended. Fees set for renting these facilities should not provide a competitive advantage over other commercial facilities .

Sec. 1214.—Recovery of costs of health care services. Section 1214 authorizes the State Department to recover the costs incurred for providing health services by seeking reimbursement from health insurance providers.

This section, which implements recommendations of the Department of State's Office of the Inspector General, amends section 904 of the Foreign Service Act of 1980 to authorize the Department to recover and retain the costs incurred by the Department for health care services provided to eligible USG employees and their families and to other eligible individuals. The proposed legislation would permit the Department to recover and retain such costs from third-party payers, and to recover directly from the employee if the employee chooses to be uninsured or to pay for medical services directly. The Departments of Defense and Veterans Affairs, as well as the Indian Health Service, already have similar authority.

This section addresses the problem of the Department's expenses caused by providing free health care services in certain instances to employees, their dependents, and other U.S. Government employees and nationals. Currently, virtually all health care services received by eligible USG employees and their families at post health care facilities abroad are at no charge, whether or not the treatment is for a work-related condition, and whether or not the employee has health insurance. Because the Department does not charge a fee for these services, the employee's insurer is not obligated to pay. In addition, there are instances in which an employee or family member may receive care from a non-governmental source and the Department picks up the charge.

The Department also, in certain circumstances set forth in regulations, provides or contracts for medical services for non-USG employees and their family members at posts abroad. Such services are available, for example, on a temporary basis to contractors of the U.S. Government in remote locations where suitable private health care is not available, where it is in the best interests of the U.S. Government, and where extension of the care does not detract from the service available to employees and their families. These persons are required to pay a fee for the services, but the Department now has no authority to retain these fees.

The result is a situation where the Department is paying a significant portion of its employees' health insurance premiums, but is not always receiving reimbursement from the insurer while employees are stationed at post. This situation could act as a disincentive for an employee to continue to participate in a health insurance program while abroad. An estimate of the operating costs for

overseas health units for fiscal year 1997 is approximately \$22.7 million (including salaries, post entitlement, Regional Medical Officer travel, continuing medical education, and prescription medicines). The costs for administering this recovery program are estimated at \$2 million. In addition, the Department contributes over \$15 million per year toward health insurance premiums for insurance that is not consistently used by its overseas employees. In some instances, the Department is paying twice for certain health care costs of its employees posted abroad. Section 1214 would rectify this situation.

Section 1214(a)(1) amends section 904(a) of the Foreign Service Act of 1980 to permit the Secretary to designate certain persons who are not USG employees or family members to receive health care services abroad.

Section 1214(a)(2) amends section 904(d) of the Foreign Service Act of 1980, which authorizes the Secretary to pay the cost of medical treatment for eligible individuals. The amendment would make section 904(d) subject to a new fee collection program described in new subsections (g) and (h).

Section 1214(a)(3) amends section 904 of the Foreign Service Act of 1980 by adding subsections (g), (h) and (l) relating to the new fee collection program, which are described as follows.

New subsection (g)(1) authorizes the United States to recover the cost of health care services incurred by the Department from third-party payers to the same extent that the covered beneficiary would be eligible to receive reimbursement from the third-party payer for such expenses if the care had been provided by a non-governmental provider and certain other conditions specified in new subsection (g)(2) pertained. That provision also provides that a covered beneficiary is not required to pay any deductible, copayment or other cost-sharing for health care provided under section 904.

New paragraphs (2) and (4) of subsection (g) recognize the unique circumstances at government health care facilities at posts abroad. Paragraph (2)(A) provides that a third-party payer must recognize the "reasonable charge amount" established by the Department for a service, rather than the actual cost, as the basis for payment of claims under the plan. Paragraph (2)(B) is addressed to health care plans in the nature of health maintenance organization that have participation agreements with outside health care providers, provide agreements with outside health care providers, and provides that the Secretary shall be treated as having a participation agreement with such a plan as results in the highest level of payment under subsection (g). New paragraph (2)(C) would prohibit third-party payers from refusing to reimburse the Department based on provisions in the insurance contract excluding from coverage care provided under various circumstances, including for example, care provided by a government entity outside the United States, care provided to an individual who is not obligated to pay for the care, and care provided by a provider who is not licensed to provide the care in the U.S. The Departments of Defense and Veteran's Affairs and the Indian Health Service have comparable authority. In the case of the State Department, this provision will also ensure coverage for care provided by registered nurses, whether or not they are under the direct supervision of a physician. New

paragraph (2)(D) provides that, if a health benefits plan requires a deductible, copayment or other cost-sharing, the Department will absorb that cost. In other words, neither the covered beneficiary nor the third-party payer is required to pay any cost-sharing amount. New paragraph (2)(E) provides that where a covered beneficiary has not met the deductible provided for under a health care plan, the amount that the third-party payer would otherwise have paid had the deductible been met will be counted towards the deductible event although the covered beneficiary did not pay such amount. New paragraph (2)(F) gives the Secretary other authority to apply such other provisions as may be appropriate to carry out section 904 in an equitable manner. New subsection (g)(4), which is similar to legislation pertaining to the Department of Veterans Affairs and the Indian Health Service, further provides that no State law or law of any political subdivision of a State can prevent recovery by the United States under this section.

New subsection (g)(3) of section 904 subrogates the United States to the beneficiary's rights against the third-party payer, permits the United States to pursue legal proceedings against a third-party payer to enforce the government's rights under section 904, and authorizes the Secretary to compromise or waive claims of the United States under this section.

Under new paragraph (5) of subsection (g), a third-party payer shall be permitted to review an employee's health records to verify that the care for which reimbursement is sought was provided, and to verify that the care meets the criteria of the health benefits plan (except as otherwise provided in subsection (g)). Under new subsection (g)(7), the Secretary must establish a procedure under which a covered beneficiary may elect to pay the entire amount of a reasonable charge amount for a service to the Department, and thus avoid having a claim and related medical records submitted to the individual's health benefits plan.

New subsection (g)(6) directs the Secretary to establish and periodically update a schedule of reasonable charge amounts, based on charges recognized by third-party payers for payment under covered health benefits plans in the metropolitan Washington, DC area.

New subsection (g)(8) authorizes the Department to deposit any amounts collected under subsections (g) or (h) or any authority referred to in subsection (I) as an offsetting collection to any Department of State appropriation. Receipts from collections would remain available until expended.

New subsection (g)(9) defines terms used in section 904. In particular, "covered health benefits plan" is intended to cover all health benefits plans offered under the Federal Employees Health Benefits Program except those plans, such as a staff-model health maintenance organization, that the Secretary impedes the application of subsection (g) to covered beneficiaries enrolled in the plan.

New subsection (h) applies in the case of a person who is not a "covered beneficiary" as that term is used in this section, or who has made an election under section (g)(7) as described above to be treated as other than a covered beneficiary, but for whom the Department incurs cost for health care services. In those situations, the Department is authorized to collect directly from the individ-

uals who receive the services the full reasonable charge amount (i.e., without deduction for any kind of deductible or cost-sharing) for services provided, and has the same rights with respect to collection of claims as against third-party payers.

New subsection (I) provides that the new authorities to be given to the Secretary in this section are not intended to limit any authority the Secretary already has with respect to obtaining reimbursement for payments made under subsection (d). Also, subsection (I) states that subsections (g) and (h) will only apply to reimbursement of hospitalization and related outpatient expenses paid for under subsection (d) to the extent provided for by the Secretary in regulations. A principal purpose of this provision is to permit the Department, unless it decides otherwise, to continue to require employees to submit claims directly to insurance carriers for hospitalization expenses advanced by the Department on behalf of U.S. Government employees or their family members, or otherwise be required to repay the U.S. Government any amounts advanced by the Department without regard to deductibles or other cost-sharing.

Subsection 1214(b) of the bill would delay the effective date of the new authorities provided by section 1214(a) to items and services provided on and after the first day of the month that begins more than one year after enactment of this legislation, in order to give the Department sufficient lead time to implement the new fee collection program. Subsection (b) also authorizes the Secretary to issue interim final regulations to permit implementation of the new program on a timely basis.

Sec. 1215.—Fee for use of diplomatic reception rooms. Section 1215 Authorizes the Secretary of State to charge a fee for use of the Department of State diplomatic reception rooms. Such fees are deposited as an offsetting collection to recover the costs of such use and shall remain available for obligation until expended.

Sec. 1216.—Fees for commercial services. Section 1216 allows fees collected for commercial services provided to businesses to remain available for obligation until expended. This authority will ensure the Department does not lose funds collected late in a fiscal year and that are not obligated by the end of that year.

Sec. 1217.—Budget presentation documents. Section 1221 requires the State Department to report in their budget presentation documents all sources of income from fees or other collections.

Sec. 1218.—Extension of certain adjudication provisions. Section 1218 extends the “Lautenberg Amendment” through fiscal year 1999. The Lautenberg Amendment identifies certain high risk refugee categories and provides that applications in these categories are presumed to be refugees if they assert both a fear of persecution and a credible basis for their fear of persecution.

Sec. 1219.—Grants to overseas educational facilities. Section 1219 provides the authority for US government agencies to make grants to overseas educational facilities. This amendment allows agencies that may not have grant authority to make grants to support these schools if agency employees have children attending these schools.

Sec. 1220.—Grants to remedy international child abductions. Section 1220 authorizes the US Central Authority to make grants

or to enter into contracts or agreements for the purposes of carrying out certain functions required by the Hague Convention on the Civil Aspects of International Child Abduction (Hague Convention).

Sec. 1241.—Use of certain passport processing fees for enhanced passport services. Section 1241 requires that thirty percent of the funds generated by the expedited passport fee (estimated to be \$18 million in fiscal year 1998) or be dedicated exclusively to enhancing passport services for US citizens, improving the system of issuing the passport, developing a more secure document and more increasing U.S. security.

Sec. 1242.—Consular officers. Section 1242 permits US citizen employees abroad who are not consular officers to perform additional consular functions, including the issuance of reports of birth abroad, the authentication of foreign documents, the administration of nationality provisions, and the administration of oaths for patent purposes. This purpose of this section is to improve the service to the public and to overcome consular staffing shortfalls abroad.

Sec. 1243.—Repeal of outdated consular receipt requirements. Section 1243 repeals an 1856 act that required the issuance of a receipt when fees were collected by a consular officer for a service.

Sec. 1244.—Elimination of duplicate publication requirements. Section 1244 eliminates a duplicative report on travel advisories. Presently, both the Secretary of Transportation and the Secretary of State publish the same advisories. This section eliminates the need for the Secretary of State to publish this advisory.

Sec. 1261.—Report to Congress concerning Cuban emigration policies. Section 1261 requires periodic reports on the Cuban Government's methods of enforcing its 1994 and 1995 anti-immigration agreements with the United States, on treatment of persons returned to Cuba under the 1995 agreement, and on the methods used by the United States to monitor such treatment and enforcement.

Sec. 1262.—Reprogramming migration and refugee assistance funds. Section 1262 provides a waiver of the 15-day notification requirement of the drawdown of funds from the migration and refugee account in the case of an emergency.

Sec. 1301.—Coordinator for counterterrorism. Section 1301 makes permanent the office of the Coordinator for Counterterrorism and retains a reporting line directly to the Secretary of State.

Sec. 1302.—Elimination of statutory positions within State Department. Section 1302 eliminates the statutory requirements for the Assistant Secretary for South Asia, the Assistant Secretary for Oceans, Environment, and Science, and the Deputy Assistant Secretary of Burdensharing. The intent of this provision is to provide the Secretary of State with organizational flexibility.

Sec. 1303.—Establishment of Assistant Secretary for Human Resources. Section 1303 establishes an Assistant Secretary for Human Resources and requires that the position be occupied by a professional in the field of personnel and human resources management. The purpose of this section is to emphasize that broad-based principles of personnel administration and not just the special needs of administering the Foreign Service are to receive top prior-

ity in the administration of the State Department. For example, as the State Department leans more heavily on the talents of civil service personnel, especially with the pending consolidation of the foreign affairs agencies, and with the increasing complexity of the modern Foreign Service family, human resource matters deserve priority attention. It is the intent of the Committee that the Director General of the Foreign Service retain current policy and management responsibilities for the Foreign Service and report to the Secretary through the Assistant Secretary for Human Resources to ensure coordination of all personnel policies. This recommendation was included in the "State Team for the Future", Personnel Commission Report of October 1992.

Sec. 1304.—Establishment of Assistant Secretary for Diplomatic Security. Section 1303 establishes an Assistant Secretary for Diplomatic Security and requires the individual appointed to that position in the future to have professional qualifications in the field of federal law enforcement, intelligence, or security.

The Committee strongly believes, based upon hearings in the last Congress, and other more recent oversight efforts, that in order for the Diplomatic Security Bureau to carry out its functions successfully, both the top official—the Assistant Secretary—and the Deputy Director of the Diplomatic Security Bureau, should have law enforcement, security, or intelligence experience before assuming their positions. Responsibility for the protection of the lives and security of American personnel and facilities, at home and abroad, requires nothing less. On-the-job training by Assistant Secretaries has already cost the American taxpayer far too much. The lack of such expertise at the top has led to a diminution of concern for security, and ill-advised high level decisions regarding resource allocations within the State Department.

Sec. 1305.—Special envoy for Tibet. Section 1305 provides the President with the authority to establish a Special Envoy for Tibet. The special envoy would have the personal rank of Ambassador and be appointed with the advice and consent of the Senate.

Sec. 1306.—Responsibilities for bureau charged with refugee assistance. Section 1306 states that the Bureau of Migration and Refugee Assistance shall have responsibility for the Migration and Refugee Assistance Act, and shall not have the responsibility for population policy.

This section is designed to ensure that the bureau with responsibility for refugee and migration assistance be independent of the bureau charged with the substantially unrelated responsibility for population policy. The Department may, of course, still maintain a population office in another bureau as it did prior to 1993.

Sec. 1321.—Authorized strength of the Foreign Service. Section 1321 imposes limits on the number of members of the Foreign Service authorized to be employed in fiscal years 1998 and 1999 as follows: for the Department of State not more than 8,700 in fiscal year 1998 and 8,800 in fiscal year 1999, of whom not more than 750 in fiscal year 1998, and 750 in fiscal year 1999 shall be members of the Senior Foreign Service; for the United States Information Agency (USIA), not more than 1,000 in fiscal year 1998 and 1,000 for fiscal year 1999, of whom not more than 140 in fiscal year 1998, and 140 for fiscal year 1999 shall be members of the Senior Foreign

Service; and for the Agency for International Development (AID), not more than 1,070 in fiscal year 1998, and 1,065 for fiscal year 1999, of whom not more than 140 in fiscal year 1998, and 135 in fiscal year 1999 shall be members of the Senior Foreign Service.

Sec. 1322.—Non-overtime differential pay. Section 1322 allows the Secretary of State to substitute another day in lieu of Sunday for purposes of Sunday premium pay in countries where the normal workweek includes Sunday.

Sec. 1323.—Authority of Secretary to separate convicted felons from service. Section 1323 excludes individuals who have been convicted of a crime for which a sentence of imprisonment of greater than one year may be imposed from the right to have the cause for their separation established in a hearing before the Foreign Service Grievance Board.

Section 610(a)(1) of the Foreign Service Act provides that the Secretary of State has the authority to separate members of the Foreign Service “for such cause as will promote the efficiency of the Service”. This authority is subject to the right of certain members of the service to appeal, under Section 610(a)(2), to the Foreign Service Grievance Board and have the cause for their discharge established at a hearing. In *Salleh v. Christopher*, the United States Court of Appeals for the District of Columbia Circuit held that the Secretary either must defer to a decision of the Grievance Board that an individual not be discharged or appeal the Board’s decision, on the merits, in court. This section would exempt from the *Salleh* decision individuals who have been convicted of crimes for which a sentence of imprisonment of greater than one year may be imposed.

The Committee believes that because of the special trust placed in members of the Foreign Service, in the case of an individual who has been convicted of a felony and where the Secretary has determined that the individual be separated for cause, the due process rights of the individual will have been sufficiently protected by the processes of the criminal justice system, and the individual in question may be separated without the need for a hearing before the Grievance Board.

Sec. 1324.—Career counseling. Section 1324 provides that the statutory authority permitting career counseling and related job placement services that may be provided to employees prior to their separation, shall not be construed to permit an assignment that consists primarily of paid time to conduct a job search and without other substantive duties. This limitation shall not apply to individuals being separated from the Foreign Service, and who are both not receiving an immediate annuity, and have not been stationed in the United States within one year prior to their separation.

The Committee understands that the Department has permitted separating members to conduct extended job searches of up to two months while in pay status without any other substantial responsibilities to the government. During this time employees earn vacation and sick leave, and increase their pensions.

The Committee has no objection to the one-month job-hunting skills development program offered to separating members of the Foreign Service and the Civil Service, although it notes that a pro-

gram of such length is an exception to general practice in federal employment.

The Committee does not believe such extended job search time is warranted except in the case of an individual who by being posted outside the United States has lost his or her attachment to the United States labor market and cannot rely on his or her immediate annuity for support during the job search process.

The effective date of this new provision is delayed for 180 days so as not to disadvantage individuals who had relied on the earlier policies of the Department.

Sec. 1325.—Report concerning minorities and the foreign service. Section 1325 requires the Secretary of State to submit an annual report concerning minorities in the Foreign Service. This report shall include the following information: (1) the numbers and percentages of minorities taking the written Foreign Service exam; (2) the numbers and percentages of all minorities passing the written exam; (3) the numbers and percentages of all minorities passing the oral exam; (4) the numbers and percentages of all minorities entering the Foreign Service; (5) the numbers and percentages of all minorities in the Foreign Service; (6) the numbers and percentages of all minorities at each grade of the Foreign Service, particularly in the senior levels; and (7) the numbers and percentages of all minorities promoted at each grade of the Foreign Service.

Sec. 1326.—Retirement benefits for involuntary separation. Section 1326 corrects drafting oversights regarding retirement benefits for Foreign Service employees under the “new system” for those who are involuntarily separated. The amendment makes clear that separated members cannot receive both immediate retirement benefits and severance-type payments. Subsection (a)(1) amends the law so that Foreign Service Pension System (FSPS) participants who qualify for an immediate annuity under the Foreign Service Act cannot concurrently receive severance pay. Subsection (a)(2) states that FSPS participants who are involuntarily separated have their annuities computed under the FSPS. Subsection (a)(3) states that Foreign Service Retirement and Disability System (FSRDS) and FSPS participants who do not qualify for an immediate annuity receive severance pay and retirement benefits in accordance with the rules of their respective retirement systems. Subsection (b)(1) through (b)(3) states that FSPS participants who are involuntarily separated are entitled to receive retirement benefits under the FSPS. Subsection (c)(1)(2) makes the prohibition on severance pay to persons who qualify for an immediate annuity on prospective basis, and makes all other provisions retroactive to January 1, 1996.

Sec. 1327.—Availability pay for the diplomatic security service. Section 1327 extends eligibility for law enforcement availability pay (LEAP) to certain agents with the Department of State’s Diplomatic Security service.

Section 1327(a) authorizes this pay for certain agents whose primary duties consist of performing protective functions or criminal investigations. LEAP is fixed at twenty-five percent of basic pay, including locality pay. Diplomatic Security investigators will be required to work an annual average of two hours of overtime duty per regular work day. Section 1327(a) also ensures that availability

pay is treated as basic pay or salary for purposes of the Foreign Service Retirement and Disability System and the Foreign Service Pension System, as well as for certain involuntary retirement payments under section 609(b)(1) of the Foreign Service Act and the purposes for which LEAP is treated as basic pay or salary in Title 5 of the United States Code. LEAP recipients are exempt from wage and overtime pay provisions of the Fair Labor Standards Act.

The bill is intended to provide LEAP to certain individuals whose "primary" duties consist of "performing" protective functions or criminal investigations (or both). The Committee believes that most Diplomatic Security Service employees who are assigned to protective details in the United States or abroad, who work as criminal investigators in the field, or who serve abroad as embassy security officers, will qualify as "performing" protective functions or criminal investigations.

The provision that defines as eligible those officers whose "primary duties * * * consist of performing * * * protective functions or * * * criminal investigations" is meant to exclude from eligibility for this pay individuals whose duties consist primarily of supervisory, managerial, planning, training, logistical, administrative, or similar functions, or a combination thereof, even though those individuals (a) may support protective functions or criminal investigations, (b) may be trained as criminal investigators, (c) may be classified as such for purposes other than eligibility for law enforcement availability pay, or (d) may on some occasions, or during temporary assignments, perform protective or investigative duties.

The Committee will give sympathetic consideration to a Department proposal to provide, on an intermittent basis, premium pay similar to the pay provided for in this section in the case of excluded employees who temporarily perform protective functions or perform as criminal investigators, and who work the requisite amount of overtime during such periods. The Department should, to the maximum extent possible, turn administrative, logistical, training, planning, and related duties over to non-law enforcement personnel.

The Committee notes that the words "availability pay" are a term of art. The Committee intends that only individuals who actually work overtime are eligible for "availability pay." Mere "availability" is not enough to become eligible for this pay. The requisite hours must actually be worked.

Section 1327(b) requires that not later than the date on which amendments by this section take effect, agents covered by this section and their supervisors shall make the certifications necessary for the agents to receive LEAP. The Secretary of State may prescribe the procedures necessary to administer implementation of the section.

Section 1327(c) makes certain technical and conforming amendments.

Section 1327(d) sets the effective date of this amendment as the first day of the first applicable pay period which begins on or after the 90th day following the date of enactment of this Act.

This section is included in this legislation because during 1994, at the request of the Department of State, its employees who serve with the Bureau of Diplomatic Security and would have been eligi-

ble for Law Enforcement Availability Pay were statutorily excluded from eligibility for that Pay. The Department, subsequent to its budget submission this year, requested that all its criminal investigators be covered under the relevant statute. The Committee agrees that this important provision will in fact help provide those Diplomatic Security agents working overtime receive the parity of treatment that they deserve with respect to their counterparts elsewhere in the federal law enforcement community.

The Committee notes that law enforcement availability pay was intended to be a cost-free arrangement primarily for the administrative convenience of the agencies concerned, but that in the case of the Department there is a considerable cost estimated to be involved in providing such pay to its Diplomatic Security agents. The Department indicated that for the forthcoming fiscal year it is prepared to absorb the cost involved from its operating budget.

The Department should re-examine the grade structure of the Bureau of Diplomatic Security in the light of its commitment to parity with other law enforcement agencies. The grade structure of the Bureau is relatively top-heavy compared to that of the FBI and the Secret Service; the Bureau should, in particular, ascertain that it does not have FS-1 or Senior Foreign Service employees carry out duties that in other agencies are carried out by lower-graded employees, and should assure that appropriate supervisor-supervisee ratios are in place.

The Committee notes that many State Department employees, civil service and Foreign Service alike, work a considerable amount of uncompensated overtime as they carry out their professional duties, and that their health and welfare, and the health and welfare of their families, is sometimes placed at considerable risk because of their long duty hours. The Committee is concerned that the provision of law enforcement availability pay to a relatively small group of the Department's employees may harm morale in the Department as a whole, and urges the Department to address this issue promptly and in a sensitive manner.

Sec. 1328.—Labor Management Relations. Section 1328 amends section 1017(e) of the Foreign Service Act of 1980 to modify the definition of "management official" to include only those individuals involved in labor-management relations or personnel programs. Section 1017 was amended to restrict the movement of Foreign Service personnel between certain positions in labor organizations and management positions in the Foreign Affairs agencies in order to prevent conflicts of interests from arising.

This provision is intended to continue to protect against conflicts of interest, but narrows the restriction of who is prohibited for two years from taking management jobs subsequent to serving in a position with the American Foreign Service Association, and vice versa.

Sec. 1329.—Office of the Inspector General. Section 1329 amends Section 209 of the Foreign Service Act of 1980 to place certain notification and reporting requirements on the Inspector General (IG) of the Department of State, USIA, and ACDA. Section 1329(a) requires the IG, in the case of a formal interview, to make all best efforts to provide adequate notice to an employee who is the likely subject or target of a criminal investigation. Such notice must in-

clude identification of those attending the interview and information about the employee's due process rights. Section 1329(a) also requires the IG to provide information to employees on (1) rights to counsel, and (2) guidelines, in general terms, on the IG policies and procedures with respect to such investigations, with the exception of matters exempt from disclosure under other laws. It is the Committee's understanding that the IG is currently updating a pamphlet on IG rules and procedures and employee rights. It is the Committee's intent that the IG fulfill this notification requirement by including the information in that pamphlet, and by ensuring that the pamphlet is widely available to all employees.

Section 1329(b) requires the IG to submit to Congress a one-time report on its internal press guidance, and how that guidance was followed in specific individual cases in the previous year.

Sec. 1401.—Extension of au pair programs. Section 1401 permanently extends the au pair program as authorized by P.L. 104–72.

Sec. 1402.—Retention of interest. Section 1402 authorizes grantees of the National Endowment for Democracy to deposit their grant money in interest bearing accounts and to use the interest for the purposes of the grant.

Sec. 1403.—Center for Cultural and Technical Exchange Between North and South. Section 1403 amends the original statute establishing the North-South Center by reducing the authorization of appropriation level from \$10 million to \$4 million. This change is consistent with the actual appropriated levels for this program.

Sec. 1404.—Use of selected program fees. Section 1404 expands the United States Information Agency's existing fee retention authority.

Sec. 1405.—Muskie Fellowship Program. Section 1405 expands the fields of study covered by the Muskie Fellowship Exchange Program which operates in the former Soviet Union, Lithuania, Latvia and Estonia. In addition, the provision replaces the term "Soviet Union" in the statute with "Independent States of the Former Soviet Union".

Sec. 1406.—Working group on U.S. Government's sponsored international exchanges and training. Section 1406 establishes an inter-agency working group on international exchanges and training to improve the coordination, efficiency and effectiveness of U.S. Government sponsored exchange programs under the leadership of USIA. The Committee strongly supports this initiative as it pursues a comprehensive review of exchange programs. Viewing USIA as the primary agency for managing exchange programs, the Committee has specifically required the Working Group to prepare a report on the feasibility of transferring U.S. Agency for International Development program funds and management for the Atlas and Mandela programs in South Africa to USIA. In addition, the Committee specifically requires undertaking a study of the private sector exchange programs to develop a data base of activities outside the government-supported programs.

Sec. 1407.—Educational and cultural exchanges and scholarships for Tibetans and Burmese. Section 1407 requires USIA to provide 30 scholarships for Tibetans and 15 scholarships for Burmese. It also requires USIA to establish exchange programs for Tibetans and Burmese.

Sec. 1408.—United States-Japan Commission. Section 1408 amends the United States-Japan Friendship Act (PL 94–118) to permit the Commission to invest the trust fund in either Japan or U.S. Government securities, and changes the name by deleting “Friendship”.

It is the Committee’s intention to make the Commission’s dollar and yen funds, both principal and interest earnings, fully interchangeable, both for purposes of investment and for expenditure. This will help modernize the management of the Commission’s portfolio; it will allow for maximum investment return on principal within a framework that safeguards its value, and it will allow the Commission to take advantage of changes in the exchange rate in the expenditure of its funds. These changes in the rate are more frequent and volatile now than twenty-two years ago when the Commission was established.

The legislation establishing the Commission was silent on where the dollar funds might be spent, but it required that yen funds must be spent in Japan [PL 94–118, Sec. 6(4)]. A 1991 amendment allowed for 50 percent of the Commission’s administrative expenses in the United States to be paid for from yen funds [PL 102–138 Title I, Part E, Sec. 167]. In addition, the legislation required that both funds be invested exclusively in United States obligations [PL 94–118, Sec. 7(b)], but a 1976 amendment limited that restriction to the appropriated dollars [PL 94–350, title IV, Sec. 401(3)(B)]. The Conference Report for that amendment made clear that not merely were the yen funds not restricted to investment in United States obligations, but that they were to be invested exclusively in Japanese obligations (House Conference Report 94–1302 of June 25, 1976, to accompany S. 3168, p. 40).

Section 6(4) of PL 94–118 allows the Commission to use up to 5 percent of its original principal, or \$900,000 and 197,100,000 yen for necessary expenses without having those sums appropriated for its use. In making the two currencies of the Commission’s trust fund interchangeable, the Committee intends that authority to be extended to the drawdown of its funds, and to the value of the drawdown of its funds. That is to say that, in addition to direct drawdown of 5 percent of the one currency, the Commission may, at its discretion, use some or all of the value of the 5 percent sum of the second currency dispersed from funds of the first currency, converted at the prevailing exchange rate. In other words, the Commission may use up to 197,100,000 yen worth of dollars in drawdown in addition to the \$900,000, or it may use up to \$900,000 worth of yen in drawdown in addition to the 197,100,000 yen.

Sec. 1409.—Surrogate broadcasting studies. Section 1409 requires the U.S. Information Agency to conduct studies on the feasibility of providing surrogate broadcasting service to Africa and Iran. Radio broadcasts in Africa are often the only reliable means of mass communication. In recent years, they have been misused, as in the case of the “hate radio” broadcasting that helped promote ethnic hatred and the 1994 genocide in Rwanda. Furthermore, opposition political parties often are unable to communicate their message through government-controlled media. This undermines the development of multi-party democracy and other United States

foreign policy objectives in Africa. We are encouraged that the Voice of America's pilot surrogate radio project in Angola shows promise of breaking the news blackout. Therefore, expanding surrogate radio operations throughout Africa (similar to Radio Free Asia) should be explored.

In Iran, an authoritarian regime is suppressing the free flow of information, which is vital to shaping a more democratic, stable and free society. Surrogate broadcasting to Iran would help create the conditions in which a functioning civil society and political opposition could survive.

Sec. 1410.—Authority to administer summer travel/work programs. Section 1410 authorizes the Director of USIA to administer the summer travel/work program without regard to the pre-placement requirements of the "J" visa.

Sec. 1411.—Changes in administrative authorities regarding appropriations. Section 1411 allows the US Information Agency to transfer among accounts in the second year of a two-year bill. The transfers could exceed the authorized levels, but are subject to limitations. The limitations are that amounts appropriated to the Salaries and Expenses and Exchange Program accounts may not exceed by more than 5% the authorized level. No other appropriation account may exceed by more than 10% the amount authorized.

Sec. 1412.—Authorities of the broadcasting board of governors. Section 1412 amends the International Broadcasting Act of 1994, to designate the Board's authority to supervise the International Broadcasting Bureau (IBB), to require concurrence between the Board and the USIA Director in the appointment of a Director of the IBB, and to require coordination among all the broadcast entities under USIA.

Following almost three years of experience under the International Broadcasting Act, certain changes are deemed necessary to improve the operation and coordination among the Broadcasting Board of Governors, the International Broadcasting Bureau, and the office of the Director of USIA. The Committee believes these entities have a symbiotic relationship, and should be working together to achieve the most effective broadcasting program to support the U.S. national interest. Coordination, cooperation, and collegiality are vital to maximize broadcasting's human and financial resources.

Congress reaffirms its confidence in the President's Advisory Board's Special Expertise on matters relating to Cuba and Cuba Broadcasting, and urges the International Broadcasting Bureau and the Broadcasting Board of Governors to seek the President's Advisory Board's advice on matters of policy and in matters related to the Office of Cuba Broadcasting.

Sec. 1501.—Service in international organizations. Section 1501 repeals a provision in the Federal Employees International Organizations Services Act which entitles a Federal employee after terminating his/her service with an international organization and reentering the federal service, the difference between (a) the salary, allowance, post adjustment and other monetary benefits actually paid to him/her by the international organization and (b) salary/benefits that he/she would have received had he/she been detailed to the international organization but paid by the U.S. Government.

Sec. 1502.—Organization of American States. Section 1502 expresses the sense of the Congress that the Secretary of State should make every effort to pay the United States assessed funding levels for the Organization of American States (OAS). The Committee recognizes that the OAS is uniquely important to United States interests in the Western Hemisphere (trade, anti-drug efforts, human rights, democracy, etc.) and is disproportionately dependent on the United States assessed contribution. The Committee notes that the United States assessed rate is 59 percent, while the United States share of gross domestic product in the region is 78 percent. Responding in part to United States leadership, the OAS is continuing broad reforms in its agenda and its budget. The Committee notes that the OAS operating budget has not grown for the past three years, and the OAS staff has been cut from a high in the 1970's to a current 600. It is the intent of this section that the International Organizations Bureau of the Department of State consider these facts when allocating resources.

Sec. 1521.—Reform in budget decision making procedures of the UN and specialized agencies. Section 1521 extends current law allowing the President to withhold 20% of appropriated funds for the U.N. or any of its specialized agencies if the U.N. or the agency fails to implement consensus-based budget decision making procedures. This is to ensure that the U.S. and other major contributors to U.N. agency budgets have an appropriate influence in the budget decision-making processes of international organizations. The President is directed to notify Congress of any decisions to withhold our share of an assessed contribution to the U.N.

Sec. 1522.—Reports on efforts to promote full equality at the UN for Israel. Section 1522 expresses a sense of Congress to expand Israel's participation at the United Nations. Membership in a regional bloc is a prerequisite for any nation to serve in key United Nations bodies such as the Security Council and the Economic and Social Council, but Israel is excluded from its own regional group, and thereby is excluded from fully participating in the workings of the United Nations.

In support of the peace process, this provision supports Israel's repeated requests for inclusion in the Western European and Others Group (WEOG), to which other, non-European, Western-style democracies such as the United States, Canada, and Australia belong. The Secretary of State is required to submit a report no later than 90 days after the date of enactment (and on a quarterly basis thereafter) that outlines actions taken by the United States to encourage WEOG to accept Israel as a member, and the efforts undertaken by the Secretary General of the United Nations to secure Israel's participation in that body. The report must include the specific responses of each of the WEOG member states regarding their position concerning Israel's membership as well as other measures either underway or planned to promote Israel's full and equal participation in the United Nations.

The Committee is disappointed that Israel's request for inclusion in the WEOG group has been denied to date, and is committed to assisting Israel in this regard until membership is achieved and Israel enjoys full status and participation in the United Nations. The Committee believes that the State of Israel deserves to be treated

as an equal among nations, and that achieving such equality at the United Nations would help advance the Middle East peace process.

Sec. 1523.—United Nations Population Fund. Section 1523 authorizes \$25,000,000 for the United Nations Population Fund for each of the fiscal years 1998 and 1999, but makes only \$12,500,000 available to UNFPA before March 1 of each fiscal year. The provision also prohibits using any portion of the United States contribution to fund programs in the People's Republic of China. This provision requires that UNFPA maintain the United States contribution in a separate account and not commingle such contribution with any other funds. Finally, the Secretary of State is required to report to Congress not later than February 15 of each fiscal year on the amount of funds that the UNFPA is budgeting for the year for a program in China. If the report indicates that UNFPA plans to spend program funds in China, then that sum shall be deducted from the funds made available after March 1 of that year.

UNFPA is required by its mandate to promote voluntary family planning. It is the view of the committee that the policy and practices of the People's Republic of China with respect to population programs make it difficult, if not impossible, for UNFPA to operate within its mandate in China.

Sec. 1524.—United Nations Industrial Development Organization. Section 1524 treats the United Nations Industrial Development Organization consistent with longstanding U.S. policy regarding U.S. withdrawal from multilateral organizations.

Sec. 1601.—Comprehensive compilation of arms control and disarmament studies. Section 1601 repeals a reporting requirement to compile arms control and disarmament studies because a similar report is produced by another organization.

Sec. 1602.—Use of funds. Section 1602 amends current law by eliminating a requirement to use the Government Printing Office and allowing ACDA to procure printing and binding from local vendors.

Sec. 1701.—US policy regarding the involuntary return of refugees. Subsection 1701(a) provides that no funds authorized by division B be used for the involuntary return of refugees to countries in which they have a well-founded fear of persecution, except on grounds recognized as precluding refugee protection under the 1951 Convention and 1967 Protocol. It would not prohibit funding for the return of persons who had been found to be non-refugees by a process genuinely calculated to identify and protect refugees.

Subsection 1701(b) requires that notice be given to the appropriate congressional committees prior to use of funds authorized for migration and refugee assistance for the involuntary return of any person. The subsection provides a limited exception in cases where prior notice is impracticable due to an emergency involving a threat to human life. The Committee believes that forced repatriation is not ordinarily a form of "assistance" to asylum-seekers or other migrants. The involuntary repatriation of non-refugees for law enforcement or national security reasons should, except in the most extraordinary and compelling circumstances, be supported with funds authorized for these purposes.

Section 107(c) defines "effect the involuntary return" as requiring by means of physical force or circumstances amounting to a threat,

thereof a person to return to a country against his or her will, regardless of whether the person is present in the U.S. and regardless of whether the U.S. acts directly through an agent. The language “regardless of whether the United States acts directly or through an agent” is intended to apply to situations in which the United States contracts with, makes arrangements with, or funds another government or an organization to carry out a program on its behalf. The Committee does not intend it to apply to situations in which the United States contributes funds to another government or an organization as part of a general or special appeal or program and United States funds will be commingled with those of other contributors.

Sec. 1702.—U.S. policy with respect to the involuntary return of persons in danger of subjection to torture. Section 1702(a) prohibits the involuntary return of any person to a country in which he or she is in serious danger of being subjected to torture. Section 1702(b) states that the terms used in this section has the same definition as the Convention Against Torture and Other Cruel and Inhuman Treatment or Punishment except that the section specifically defines “effect the involuntary return”.

Section 1702 is intended to implement the obligation of the United States under the Convention not to return any person to a place in which he or she is in serious danger of subjection to torture.

Sec. 1703.—Reports on claims of US firms against the Government of Saudi Arabia. Section 1703 requires a report every 120 days on the progress in resolving the commercial disputes between U.S. firms and the Government of Saudi Arabia.

Section 1703 requires periodic reports on outstanding claims by United States firms against the Government of Saudi Arabia. The Committee believes this amendment is necessary to help U.S. firms which have completed extensive work for the Saudi Government but have had no success in getting their due compensation. For example, Gibbs and Hill, Inc., of New Jersey has outstanding claims for \$55 million for work on a desalinization plant completed in 1984.

Sec. 1704.—Human Rights Report. Section 1704 makes two changes to the requirement for the annual Country Reports on Human Rights Practices. First, the due date of the report is extended from January 31 to February 25. The Committee extended the due date in order to give the Assistant Secretary of State for Democracy, Human Rights, and Labor, under whose direction the report is prepared, adequate time to prepare and print the report.

This section also requires that the report include information on child labor practices in each country the report covers. Although the current reports contain a section on the minimum employment age and a section on forced labor, it is the view of the Committee that new section will add important information regarding child labor practices.

Sec. 1705.—Reports on determinations under title IV of the Libertad Act. Section 1705 requires the Secretary of State to make periodic reports (not less than 30 days after the enactment of this subsection and every 3 months thereafter) to the Committee describing the ongoing reviews pursuant to Title IV of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C.

6091) and any determinations and findings under that title of that Act. Title IV of the LIBERTAD Act, requires the Secretary of State to exclude from the United States persons “trafficking” in property confiscated from United States nationals in Cuba. The Committee is concerned with published reports that the Secretary of State may be delaying determinations under Title IV for reasons that are not contemplated under the LIBERTAD Act. The Committee intends to use these periodic reports of the Secretary of State to monitor closely the vigorous implementation of this “exclusion” provision of the LIBERTAD Act.

Sec. 1706.—Reports and policy concerning diplomatic immunity. Section 1706 has its origins in and is virtually identical to H.R. 1236, introduced on April 8, 1997, by Representative Dreier of California and referred to the Committee.

Section 1706(a) requires the Secretary of State to submit to Congress an annual report on cases involving diplomatic immunity, including information on: (a) the number of persons residing in the U.S. who enjoy full diplomatic immunity from the criminal jurisdiction of the U.S.; (b) each case involving such persons in which the appropriate federal, State, or local authorities reported to the Department of State that the authority had reasonable cause to believe such persons committed a serious criminal offense within the U.S.; (c) each case in which the United States has certified that a person enjoys full diplomatic immunity from U.S. criminal jurisdiction; (d) the number of U.S. citizens who are residing in a receiving state and who enjoy full diplomatic immunity from the criminal jurisdiction of such state; and (e) each case involving such U.S. citizen in which the U.S. has been requested by the government of a receiving state to waive the immunity from criminal jurisdiction of the U.S. citizen.

Section 1706(a) defines serious criminal offense as (1) any felony under federal, State, or local law; (2) any federal, State, or local offense punishable by a term of imprisonment of more than one year; (3) any crime of violence as defined for purposes of section 16 of title 18 of the U.S. Code; or (4) driving under the influence of alcohol or drugs or driving while intoxicated if the case involves personal injury to another individual. The Committee understands that the Department may rely in good faith on information from local and State authorities concerning matters with respect to which the reports are made.

Section 1706(b) expresses the sense of the Congress that the Secretary of State should explore, in appropriate fora, whether states should enter into agreements and adopt legislation to: (1) provide jurisdiction in the sending state to prosecute crimes committed in the receiving state by persons entitled to diplomatic immunity from criminal jurisdiction; and (2) provide that where there is probable cause to believe that an individual who is entitled to diplomatic immunity from the criminal jurisdiction of the receiving state committed a serious crime, the sending state will waive such immunity or the sending state will prosecute such individual.

The Committee recognizes that diplomatic immunity serves the interests of the United States. The United States cannot have its diplomats exposed to the full rigor of the criminal laws of the countries where they are stationed, since they could be subject to

trumped-up charges, unfair treatment in court, or inhumane punishments.

Section 1706 provides Congressional impetus for restructuring a troubling aspect of international practice with respect to diplomatic immunity: the prospect that an individual who commits a serious offense will escape all liability because of his or her status as a diplomat. A number of highly publicized, and indeed tragic, cases have occurred in recent years. The fact is that while cases of diplomats abusing their immunity in the United States are relatively rare, the number of such cases needs to be reduced, if possible, to zero.

The Committee applauds governments, such as the government of the Republic of Georgia, which have waived the immunity of their diplomats accused of serious crimes. It suggests that in the exceedingly rare cases where American officials apparently abuse their status—and do so in countries where they would be prosecuted on an equal footing with local residents and can receive a fair trial and humane treatment if convicted—the Department consider waiving the immunity of the Americans in question.

The Committee applauds the Administration's practice of notifying prosecutors that they may charge diplomats whose immunity has not been waived and who have been withdrawn from or expelled from the United States. Such abusers of diplomatic immunity are then put on the Department's "watch list" and are denied visas; they may also be subject to extradition if they travel to third countries where they are not covered by diplomatic immunity.

Sec. 1707.—Congressional statement with respect to efficiency in the conduct of foreign policy. Section 1707 is a sense of Congress statement encouraging the Secretary of State to submit a plan to Congress to consolidate some or all of the functions of the Department of State, the Agency for International Development, and the Arms Control and Disarmament Agency.

Sec. 1708.—Congressional statement concerning Radio Free Europe/Radio Liberty. Section 1708 expresses a sense of Congress that Radio Free Europe/Radio Liberty should continue surrogate broadcasting beyond the year 2000 to countries whose people do not yet fully enjoy freedom of expression. Radio Free Europe/Radio Liberty is often thought of as a relic of the Cold War, and in the post-Communist era, many believe these surrogate "Freedom Radios" are obsolete. However, the Committee believes these surrogates will be needed into the next century to solidify democracies and free markets in Eastern Europe and The Independent States of the Former Soviet Union.

Sec. 1709.—Programs or projects of the International Atomic Energy Agency in Cuba. Section 1709 withholds from the United States voluntary contributions to the International Atomic Energy Agency (IAEA) a sum proportional to programs or projects of the IAEA in Cuba. This proportional withholding requirement does not apply if Cuba: (1) ratifies the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty of Tlatelolco; (2) negotiates full-scope safeguards of the IAEA; and (3) incorporates internationally accepted safety standards. The section also directs the United States representative to the IAEA to oppose technical assistance programs and projects of the IAEA at the Juragua Nuclear Power

Plant and the Pedro Pi Nuclear Research Center and any other program that is a threat to the security of the United States.

The Committee strongly supports the withholding of U.S. proportional voluntary contributions to the Agency for its programs and projects in Cuba. The Committee recognizes that the United States provides 25 percent of IAEA's annual budget, about \$54 million and additional voluntary contributions of about \$36 million—a total of \$90 million annually.

The Committee is concerned about the programs and activities of the IAEA in Cuba, particularly at the Juragua Nuclear Power Plant and the Pedro Pi Nuclear Research Center. Nuclear reactors at both sites pose significant national security threats to the United States should they come on-line. It is estimated that radioactive fallout from an accident in Cuba could reach as far north as Washington, D.C., and as far west as Texas.

The plant at Juragua was built using Chernobyl and pre-Chernobyl technology. Due to inadequate funding to date, the facility at Juragua will likely never be completed; if it were to be completed, it would pose a significant risk to the United States because of its substandard construction. The President, Department of State, the United States Nuclear Regulatory Commission, and the Department of Energy have expressed concerns about the construction and operation of Cuba's proposed nuclear reactors at Juragua. Given the state of disrepair and the potential threat of the Juragua reactors to the United States, the Committee questions the efficacy of IAEA funding of projects intended to "mothball" this flawed facility.

Sec. 1710.—U.S. policy with respect to Jerusalem as the capital of Israel. Section 1710 contains four provisions which together reaffirm and strengthen United States policy as reflected in The Jerusalem Embassy Act of 1995, that Jerusalem should remain the undivided capital of Israel. That Act recommended that \$25 million and \$75 million, in two successive fiscal years, be authorized from the "Acquisition and Maintenance of Buildings Abroad" only for construction of a U.S. Embassy in Jerusalem. Subsection (a) authorizes those amounts for fiscal year 1998 and fiscal year 1999. Subsection (b) stipulates that none of the funds authorized to be appropriated by this Act may be used to operate a U.S. consulate or other diplomatic facility in Jerusalem unless that consulate or facility is under the supervision of the United States Ambassador in Israel, in accordance with the normal diplomatic practice for other American consulates around the world.

Subsection (c) states that none of the funds authorized by this act may be available for publication of any official U.S. Government document which lists countries and their capital cities unless Jerusalem is identified as the capital of Israel. Several official U.S. documents already contain such identification, and this provision would regularize this practice. Subsection (d) states that if requested, the Secretary of State shall permit the place of birth of a United States citizen born in Jerusalem to be recorded as Jerusalem, Israel for the purposes of the registration of birth, certification of nationality, or the issuance of a passport.

Sec. 1711.—Report on compliance with the Hague Convention on International Child Abduction. Section 1711 requires a report 6

months after enactment, and another report 12 months later during 1998 and 1999 on the compliance of the signatories to the Hague Convention on the Civil Aspects of International Child abduction.

Each report shall include information on: (1) the number of applications for the return of children submitted by U.S. citizens to the U.S. Central Authority that remain unresolved 18 months after date of filing; (2) a list of countries to which children in such unresolved applications are alleged to have been abducted; (3) a list of the countries that have demonstrated a pattern of noncompliance with the obligations of the Hague Convention with respect to U.S. applications for the return of children submitted to the U.S. Central Authority; and (4) detailed information on each unresolved case described herein and on actions taken by the Department of State to resolve each case. The Committee expects that such information can be provided by drawing on materials that the Department routinely collects regarding such cases.

Sec. 1712.—Sense of Congress relating to recognition of the Ecumenical Patriarchate by the Government of Turkey. Section 1712 expresses a sense of Congress that the United States should recognize the Ecumenical Patriarchate, located in Istanbul, Turkey as the spiritual center for more than 300 million Orthodox Christians worldwide, including some 5 million in the United States. It was under the leadership and guidance of the Ecumenical Patriarchate that the constitutional and dogmatic framework of the Christian Church was formulated. The Ecumenical Patriarchate, founded in 38 AD, is the locale where the New Testament was codified, and the Nicene Creed first written. The present Ecumenical Patriarch, Bartholomew is the 270th successor of St. Andrew who served as the first Patriarch some 2,000 years ago.

In recent years the Ecumenical Patriarchate has experienced a number of security threats in Turkey. On September 30, 1996, the Patriarchate came under grenade and machine gun attack during which an explosion damaged the roof of the Patriarchal Cathedral and blew windows out of the sleeping quarters. On May 28, 1994, three powerful bombs were found and diffused by Turkish security forces only a few minutes before they were to detonate. On March 30, 1994 two firebombs were hurled into the Patriarchate. The Ecumenical Patriarch and those associated with the Ecumenical Patriarchate are Turkish citizens and entitled to the full protection of Turkish law.

The reopening of the Halki Patriarchal School of Theology, the only educational institution for Orthodox Christian leadership in Turkey is vital for the long-term viability of the Ecumenical Patriarchate. The Turkish government closed the school in 1971. Turkish law requires that the Ecumenical Patriarch, as well as all the clergy, faculty and students, to be Turkish citizens. The Halki school is the only educational institution in Turkey for Orthodox Christian leadership. The closing of the school is in violation of international treaties to which Turkey has been a signatory, including but not limited to the Treaty of Lausanne, the 1968 Protocol, the Helsinki Final Act (1975) and the Charter of Paris.

The Committee strongly supports the recognition of the Ecumenical Patriarchate and the reopening of the Halki Theological Semi-

nary. It believes that the U.S. government should use its diplomatic resources to actively encourage the Turkish government along these lines, and also to continue to ensure the security of the Patriarch and property belonging to the Ecumenical Patriarchate in Istanbul.

Sec. 1713.—Return of Hong Kong to the People's Republic of China. Section 1713 expresses the sense of the Congress that the People's Republic of China should respect the rule of law, and the freedom of press, speech, association and movement that the people of Hong Kong currently enjoy.

Sec. 1714.—Development of democracy in the Republic of Serbia. Section 1714 expresses a sense of Congress regarding the various methods and actions that can be taken to support the development of democracy in the Republic of Serbia.

Sec. 1715.—Relations with Vietnam. Section 1715 expresses a sense of the Congress that U.S.-Vietnamese relations should be developed in such a way as to facilitate maximum progress in the areas of POW/MIA, human rights, and refugee issues, regional stability and economic relations; that satisfactory resolution of United States concerns about POW/MIAs, human rights, and refugees are essential to full normalization of such relations; that the United States should upgrade the priority afforded the bilateral human rights dialogue by conducting this dialogue at a level no lower than that of Assistant Secretary of State; that in its negotiations with Vietnam regarding the provision of the Overseas Private Investment Corporation (OPIC) insurance to U.S. investors in Vietnam and the granting of Generalized System Preferences (GSP) status for Vietnam, the United States should strictly hold Vietnam to internationally-recognized worker rights standards; and that the Department of State should coordinate a multilateral strategy to encourage Vietnam to invite the United Nations Special Rapporteur on Religious Intolerance to visit Vietnam. The Committee struck the original language of section 1217, which would have restricted the use of funds to further normalize relations with Vietnam, and substituted this statement.

This section also provides that the Secretary of State, in order to give Congress the information needed to evaluate the U.S. relationship with Vietnam, shall report periodically on progress in the areas of POW/MIA issues, progress by Vietnam toward release political and religious prisoners, cooperation by Vietnam on refugee issues, and vigorous action by Vietnam to end extortion, bribery, and other corrupt practices in connection with the provision of exit visas.

The Committee is particularly concerned about the urgent need for progress toward the release of all political and religious prisoners, including many leading clerics of the Unified Buddhist Church, the largest religious denomination in Vietnam; Catholic priests and Protestant ministers; pro-democracy advocates; and other prisoners of conscience. For instance, Professor Doan Viet Hoat, 56, a recipient of the 1995 Robert F. Kennedy Human Rights Award, has been interned for 20 of the last 22 years and is serving a 15-year prison sentence in Vietnam for "attempting to overthrow the people's government" with his peaceful writings on social, political, and economic reform. Release of Professor Hoat and other

prisoners of conscience will be an important benchmark in evaluating whether further progress toward full normalization of relations is warranted.

With respect to refugees, the Committee notes with approval the commitment on the part of the Department of State to make vigorous efforts on behalf of former political prisoners and their families, former United States government employees, and other refugees of humanitarian concern to the United States

Sec. 1716.—Statement concerning return of or compensation for wrongly confiscated Foreign properties. Section 1716 expresses a sense of Congress supporting efforts and encouraging further actions by post-Communist countries to address the questions of the status of wrongly confiscated properties. The provision also calls for the return of property formerly belonging to Jewish communities as a means of redressing the survivors of the Holocaust.

GENERAL STATEMENTS

Consular Officer Liability

Reflecting national concerns regarding border security and international terrorism, section 140(c)(1) (A) and (B) of PL 103–236 required that consular officers certify in writing that a visa lookout check has been made and that there is no basis for exclusion under that system. If the consular officer fails to carry out the check, serious career consequences are prescribed. There is agreement that consular officers bear the responsibility for lapses in following proper procedures in the issuance of a visa, and such failures should be reflected in performance evaluations and disciplinary actions pursuant to the intent of the law. However, when an act or omission occurs while an employee is acting within the scope of his/her employment, it is the Committee's view that any legal remedy is against the U.S. Government—not the employee as an individual.

Administrative Remedy

The Committee recognizes the high risk security activities and traditional law enforcement duties performed by agents of the Bureau of Diplomatic Security (DS) and expects the Department to seek administrative remedial action to ensure equity between retirement benefits for DS agents and other federal law enforcement personnel.

DIVISION C—FUNDING LEVELS

Sec. 2001.—Authorization of Appropriations for Certain Programs. This section authorizes the appropriation of \$116,878,000 in fiscal year 1998 for any program in Division A or B of the bill authorized for appropriations below the President's fiscal year 1998 request. Funding from this account may not increase any account in this bill to a level above the President's FY98 request. Funds transferred from this account to others in the bill will be subject to notification under section 634A of the FAA.

The Committee authorized this amount pending advice from the Chairman of the Budget Committee on the recommended level of funding to be approved for the International Affairs Function 150

account. The Committee intends to conform overall spending in the bill to the level recommended by the Budget Committee Chairman.

INTERNATIONAL RELATIONS COMMITTEE ACCOUNT	FY96 Actual Levels	FY97 Enacted Levels	FY98 President's Request	FY98 H.R. 1486	FY99 H.R. 1486
H.R. 1486 Division A (Foreign Assistance) Totals					
Microcredit and Other Subsidy	1,500	1,500	1,500	1,500	1,500
Microcredit and Other Administration	500	500	500	500	500
Devel. Credit Transfer Authority from Development Assistance			[10,000]	[13,000]	[13,000]
Urban and Environmental Credit Subsidy	4,000	3,500	3,000	0	0
Urban and Environmental Credit Administration	7,000	6,000	6,000	6,000	6,000
International Narcotics Control	120,274	213,000	230,000	230,000	230,000
Non-Profit/Anti-Terror/Demining & Related Programs (NADR)	85,983	85,000	34,000	110,000	111,000
Non-Proliferation and Disarmament Earmark	[20,000]	[15,000]	[15,000]	[15,000]	[15,000]
Export Control Limitation			[30,000]	[5,000]	[3,000]
KEDO Limitation				[30,000]	[30,000]
Security Assistance					
Foreign Military Financing	3,351,880	3,291,000	3,340,250	3,318,000	3,274,250
Israel Earmark	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]
Advanced Weapons Subearmark	[475,000]	[475,000]	[475,000]	[475,000]	[475,000]
Egypt Earmark	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]
NATO Participation Act			[50,900]	[50,900]	[50,900]
Greece Subsidy Limitation	[224,000]	[122,500]	[122,500]	[122,500]	
Greece Loan Estimate	[24,440]	[3,230]	[12,850]	[12,850]	
Turkey Subsidy Limitation	[320,000]	[175,000]	[175,000]	[175,000]	
Turkey Loan Estimate	[34,910]	[36,770]	[33,150]	[33,150]	
Administrative Expenses Limitation	[23,250]	[23,250]	[23,250]	[23,250]	[23,250]
International Military Education and Training	39,000	43,475	50,000	50,000	50,000
Special Defense Acquisition Fund	[173,000]	[186,000]	[106,000]	[106,000]	[19,000]

INTERNATIONAL RELATIONS COMMITTEE ACCOUNT	FY96 Actual Levels	FY97 Enacted Levels	FY98 President's Request	FY98 H.R. 1486	FY99 H.R. 1486
H.R. 1486 Division A (Foreign Assistance) Totals					
Microcredit and Other Subsidy	1,500	1,500	1,500	1,500	1,500
Microcredit and Other Administration	500	500	500	500	500
Devel. Credit Transfer Authority from Development Assistance			[10,000]	[13,000]	[13,000]
Urban and Environmental Credit Subsidy	4,000	3,500	3,000	0	0
Urban and Environmental Credit Administration	7,000	6,000	6,000	6,000	6,000
International Narcotics Control	120,274	213,000	230,000	230,000	230,000
Non-Profit/Anti-Terror/Demining & Related Programs (NADR)	85,983	85,000	34,000	110,000	111,000
Non-Proliferation and Disarmament Earmark	[20,000]	[15,000]	[15,000]	[15,000]	[15,000]
Export Control Limitation			[30,000]	[5,000]	[3,000]
KEDO Limitation				[30,000]	[30,000]
Security Assistance					
Foreign Military Financing	3,351,880	3,291,000	3,340,250	3,318,000	3,274,250
Israel Earmark	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]
Advanced Weapons Subearmark	[475,000]	[475,000]	[475,000]	[475,000]	[475,000]
Egypt Earmark	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]
NATO Participation Act			[50,900]	[50,900]	[50,900]
Greece Subsidy Limitation	[224,000]	[122,500]	[122,500]	[122,500]	
Greece Loan Estimate	[24,440]	[3,230]	[12,850]	[12,850]	
Turkey Subsidy Limitation	[320,000]	[175,000]	[175,000]	[175,000]	
Turkey Loan Estimate	[34,910]	[36,770]	[33,150]	[33,150]	
Administrative Expenses Limitation	[23,250]	[23,250]	[23,250]	[23,250]	[23,250]
International Military Education and Training	39,000	43,475	50,000	50,000	50,000
Special Defense Acquisition Fund	[173,000]	[186,000]	[106,000]	[106,000]	[19,000]

H.R. 1486, the Foreign Policy Reform Act

As Reported by the Full Committee

INTERNATIONAL RELATIONS COMMITTEE ACCOUNT	FY86 Actual Levels	FY87 Enacted Levels	FY88 President's Request	FY88 H.R. 1486	FY88 H.R. 1486
H.R. 1486 Division A (Foreign Assistance) Totals					
Microcredit and Other Subsidy	1,500	1,500	1,500	1,500	1,500
Microcredit and Other Administration	500	500	500	500	500
Devel. Credit Transfer Authority from Development Assistance	4,000	3,500	3,000	[13,000]	[13,000]
Urban and Environmental Credit Subsidy	7,000	6,000	6,000	6,000	6,000
Urban and Environmental Credit Administration					
International Narcotics Control	120,274	213,000	230,000	230,000	230,000
Non-Prolif/anti-Terror/Disarming & Related Programs (NADR)	85,983	83,000	34,000	110,000	111,000
Non-Proliferation and Disarmament Earmark	[20,000]	[15,000]	[15,000]	[15,000]	[15,000]
Export Control Limitation				[5,000]	[3,000]
KEDO Limitation			[30,000]	[30,000]	[30,000]
Security Assistance					
Foreign Military Financing	3,351,880	3,291,000	3,340,250	3,318,000	3,274,250
Israel Earmark	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]
Advanced Weapons Subearmark	[475,000]	[475,000]	[475,000]	[475,000]	[475,000]
Egypt Earmark	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]
NATO Participation Act			[50,900]	[50,900]	[50,900]
Greece Subsidy Limitation	[224,000]	[122,500]	[122,500]	[122,500]	[122,500]
Greece Loan Estimate	[24,440]	[3,230]	[12,850]	[12,850]	[12,850]
Turkey Subsidy Limitation	[320,000]	[175,000]	[175,000]	[175,000]	[175,000]
Turkey Loan Estimate	[34,910]	[36,770]	[33,150]	[33,150]	[33,150]
Administrative Expenses Limitation	[23,250]	[23,250]	[23,250]	[23,250]	[23,250]
International Military Education and Training	39,000	43,475	50,000	50,000	50,000
Special Defense Acquisition Fund	[173,000]	[166,000]	[106,000]	[106,000]	[18,000]

House International Relations Committee

05/09/87 (000s)

H.R. 1486, the Foreign Policy Reform Act

As Reported by the Full Committee

INTERNATIONAL RELATIONS COMMITTEE ACCOUNT	FY96 Actual Levels	FY97 Enacted Levels	FY98 President's Request	FY98 H.R. 1486	FY99 H.R. 1486
H.R. 1486 Division A (Foreign Assistance) Totals					
Microcredit and Other Subsidy	1,500	1,500	1,500	1,500	1,500
Microcredit and Other Administration	500	500	500	500	500
Devel. Credit Transfer Authority from Development Assistance			(10,000)	(13,000)	(13,000)
Urban and Environmental Credit Subsidy	4,000	3,500	3,000	0	0
Urban and Environmental Credit Administration	7,000	6,000	6,000	6,000	6,000
International Narcotics Control	120,274	213,000	230,000	230,000	230,000
Non-Profit/Anti-Terror/Demining & Related Programs (NADR)	85,983	83,000	34,000	110,000	111,000
Non-Proliferation and Disarmament Earmark	(20,000)	(15,000)	(15,000)	(15,000)	(15,000)
Export Control Limitation				(5,000)	(3,000)
KEDO Limitation			(30,000)	(30,000)	(30,000)
Security Assistance					
Foreign Military Financing	3,351,680	3,291,000	3,340,250	3,318,000	3,274,250
Israel Earmark	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)
Advanced Weapons Subearmark	(475,000)	(475,000)	(475,000)	(475,000)	(475,000)
Egypt Earmark	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
NATO Participation Act		(50,900)	(50,900)	(50,900)	(50,900)
Greece Subsidy Limitation	(224,000)	(122,500)	(122,500)	(122,500)	
Greece Loan Estimate	(24,440)	(3,230)	(12,850)	(12,850)	
Turkey Subsidy Limitation	(320,000)	(175,000)	(175,000)	(175,000)	
Turkey Loan Estimate	(34,910)	(36,770)	(33,150)	(33,150)	
Administrative Expenses Limitation	(23,250)	(23,250)	(23,250)	(23,250)	(23,250)
International Military Education and Training	39,000	43,475	50,000	50,000	50,000
Special Defense Acquisition Fund	(173,000)	(166,000)	(106,000)	(106,000)	(19,000)

House International Relations Committee

05/09/97 (000e)

INTERNATIONAL RELATIONS COMMITTEE ACCOUNT	FY86 Actual Levels	FY87 Enacted Levels	FY88 President's Request	FY88 H.R. 1486	FY88 H.R. 1486
H.R. 1486 Division A (Foreign Assistance) Totals					
Microcredit and Other Subsidy	1,500	1,500	1,500	1,500	1,500
Microcredit and Other Administration	500	500	500	500	500
Devel. Credit Transfer Authority from Development Assistance	4,000	3,500	3,000	[13,000]	[13,000]
Urban and Environmental Credit Subsidy	7,000	6,000	6,000	6,000	6,000
Urban and Environmental Credit Administration					
International Narcotics Control	120,274	213,000	230,000	230,000	230,000
Non-Prolif/Anti-Terror/Demining & Related Programs (NADR)	85,983	83,000	34,000	110,000	111,000
Non-Proliferation and Disarmament Earmark	[20,000]	[15,000]	[15,000]	[15,000]	[15,000]
Export Control Limitation				[5,000]	[3,000]
KEDO Limitation			[30,000]	[30,000]	[30,000]
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Israel Earmark	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]	[1,800,000]
Advanced Weapons Subearmark	[475,000]	[475,000]	[475,000]	[475,000]	[475,000]
Egypt Earmark	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]	[1,300,000]
NATO Participation Act			[50,900]	[50,900]	[50,900]
Greece Subsidy Limitation	[224,000]	[122,500]	[122,500]	[122,500]	[122,500]
Greece Loan Estimate	[24,440]	[3,230]	[12,850]	[12,850]	[12,850]
Turkey Subsidy Limitation	[320,000]	[175,000]	[175,000]	[175,000]	[175,000]
Turkey Loan Estimate	[34,910]	[36,770]	[33,150]	[33,150]	[33,150]
Administrative Expenses Limitation	[23,250]	[23,250]	[23,250]	[23,250]	[23,250]
International Military Education and Training	39,000	43,475	50,000	50,000	50,000
Special Defense Acquisition Fund	[173,000]	[166,000]	[106,000]	[106,000]	[18,000]

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

CONSTITUTIONAL AUTHORITY STATEMENT

In compliance with clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee cites the following specific powers granted to the Congress in the Constitution as authority for enactment of H.R. 1486 as reported by the Committee: Article I, section 8, clause 1 (relating to providing for the common defense and general welfare of the United States); and Article I, section 8, clause 18 (relating to making all laws necessary and proper for carrying into execution powers vested by the Constitution in the government of the United States).

NEW BUDGET AUTHORITY AND TAX EXPENDITURES, CONGRESSIONAL BUDGET OFFICE COST ESTIMATE, AND FEDERAL MANDATES STATEMENTS

These Committee expects to adopt a cost estimate of the Congressional Budget Office as its submission of any new required information on new budget authority, new spending authority, new credit authority, or an increase or decrease in the national debt, which it expects to provide in a supplemental report. The Committee expects to adopt an estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act, which it expects to provide in a supplemental report.

ADDITIONAL VIEWS OF HON. LEE H. HAMILTON

I. A BIPARTISAN PROCESS

I commend the Chairman for the way in which H.R. 1486 was considered by the Committee. The Chairman was fair to both sides. The majority and minority staff worked together to resolve as many issues as possible. The debate in the committee was constructive and civil. We have had a good airing of differences, without partisan rancor. All of this is positive.

II. A GOOD FRAMEWORK

This bill is an improvement over H.R. 1486 as introduced. It is an improvement over the bill the Committee reported and the House passed two years ago. It contains a number of useful provisions, including a new policy on international anti-narcotics cooperation, and important new language on the responsibilities of the State Department's inspector general.

Most importantly, this bill reaches the President's funding request level for Fiscal Year 1998. It was critical to my support for reporting the bill to the House. For this reason, I am disturbed by the reference in the majority report to conforming the funding request in the bill to a level that would be recommended by the Budget Committee chairman. I understand the impact of the Budget Committee's actions on this Committee's reported authorizing levels; I do not understand altering our committee's action based on a recommendation supplied by an individual Member.

III. SERIOUS CONCERNS ABOUT THE BILL

I have other serious concerns about the bill. Several problems will need to be addressed at some point in the legislative progress of H.R. 1486.

First, I am concerned about earmarks. They are popular politically. But the consequences are serious. When we earmark funds for child survival, for example, the Agency for International Development must reduce other crucial programs within the development assistance account, such as agricultural investment and privatization. That is just one example. This bill is literally built on earmarks. Ninety-six percent of foreign military assistance, eighty-four percent of economic support funds, and seventy percent of development assistance are earmarked. The executive branch cannot properly conduct foreign policy when it has no flexibility on how it allocates its funds. These excessive earmarks put the Administration in a strait jacket when it tries to administer programs. These earmarks are Congressional micromanagement in the extreme.

Second, I am concerned about several of the policies mandated in this bill:

The language on Jerusalem is unacceptable to the Administration, and to me. It has the potential to do serious damage to the Middle East peace process, which I am sure none of us want to do.

I am concerned about conditions we are placing on aid to Russia, which prohibit assistance above current levels unless the President determines that Russia has terminated all cooperation with missile or nuclear programs in Iran and nuclear reactor projects in Cuba. These are important policy objectives, but it does not serve the U.S. national interest when we restrict our own ability to promote democratic and economic reform in Russia. Furthermore, I am concerned about the unbalanced language in the Committee report, which fails to recognize Russia's progress on reform and draws an inaccurate and alarmist picture of Russia's policies toward its neighbors.

The bill also includes eight new provisions on Cuba, calling for four new reports, whose net effect will be to push the United States further in the direction of a counterproductive and unilateral policy toward Cuba, creating further tensions with our closest friends and trading partners.

The bill may not give the President sufficient flexibility to respond with food aid if mass famine in North Korea occurs.

I am concerned that the bill conditions U.S. assistance to Northern Ireland on mandatory compliance with employment standards of the sort which have been controversial in the United States. I would prefer a non-binding endorsement of these principles.

Understanding that report language does not carry any legal weight, I am struck by the numerous attempts to limit the Administration's flexibility that permeate the majority report. For example, the majority report tries to add many more funding restrictions. One of them would require the Administration to expend at least fifty percent of U.S. assistance to Nicaragua in areas of resettlement of the former Nicaraguan Resistance. Another dictates to whom and how the Administration should allocate voluntary contributions to the Organization of American States.

Third, H.R. 1486 continues the trend toward micromanagement of foreign policy by the Congress. Let me offer just a few examples. This bill mandates a new ambassador for counter terrorism. It calls for the appointment of a special envoy for Tibet, a step that could significantly complicate management of the vitally important U.S.-China relationship. It creates a new assistant secretary for human resources. It mandates a specific set of qualifications for the assistant secretary for diplomatic security. It restructures the Population, Refugees and Migration Bureau. It sets a ceiling on the number of foreign service officers at the State Department, USIA, and AID. The Administration opposes all of these provisions because they seriously intrude on the executive branch ability to administer its programs.

Finally, I am concerned about the issues that are not resolved in this bill. This bill is not the last word on population funding. It is not the final word on UN reform and arrearages. It does not contain final language on reorganization. I mention these issues be-

cause I am concerned about how they will be addressed when this bill is considered by the House.

IV. CONCLUSION

The bill the committee reported is a bipartisan product. That is a welcome development. Our foreign policy is most effective when Democrats and Republicans put aside their differences and work together.

I look forward to moving this bill forward through the legislative process. My strong hope is that the bill will be further improved on the floor and in conference committee, so that the President will be able to sign it into law.

LEE H. HAMILTON.

ADDITIONAL VIEWS OF CHRISTOPHER H. SMITH, ILEANA
ROS-LEHTINEN, AND HENRY J. HYDE

Our Colleagues should be aware that although section 1523 appears to impose a sanction on the United Nations Population Fund (UNFPA) if it conducts activities in the People's Republic of China, the sanction is far weaker than the sanction contained in the bill as introduced or than the House has passed in previous years. In our view, section 1523 will be insufficient to deter UNFPA from resuming its active co-operation with the PRC population control program, which employs a number of coercive methods including forced abortion and forced sterilization.

First, the policy envisioned in this section establishes separate accounts for the U.S. contribution to the United Nations Population Fund (UNFPA)—a mere bookkeeping trick that trivializes the ongoing pervasive abuse of women and children committed by the Chinese government. Many of our colleagues would reject such a gimmick if the victims were endangered tigers or rhinoceroses.

Second, the provision withholds some, but not all, of the U.S. contribution to UNFPA if it conducts a China country program. In prior years when Congress has enacted this formula, UNFPA has continued its activities in China. Only in 1996, when faced with the threat that the United States would withhold its contribution altogether if UNFPA continued its China program, did the organization even go through the motions of saying that it would withdraw from China. Even then, the organization kept its office in Beijing, administered grants in China for which funds had been obligated in prior years, and negotiated with the PRC government for future programs.

On April 25, 1993, the New York Times reported in detail on "a major nationwide crackdown by the Chinese family planning authorities." The Times cited a classified Government report and confirmation by local authorities in describing a tragic episode in Hunan Province:

She should be taking her two-month-old baby out around the village now, proudly nursing him and teaching him about life. Instead her baby is buried under a mound of dirt, and Li Qiuliang spends her time lying in bed, emotionally crushed and physically crippled.

The baby died because under China's complex quota system for births, local family planning officials wanted Ms. Li to give birth in 1992 rather 1993. So on December 30, when she was seven months pregnant, they took her to an unsanitary first-aid station and ordered the doctor to induce early labor. Ms. Li's family pleaded. The doctor protested. But the family planning workers insisted. The result: the baby died after nine hours, and 23-year-old Ms. Li is incapacitated.

Harvard professor Laurence Tribe, who has represented abortion rights groups before the U.S. Supreme Court, has reported that China's one child per family policy utilize "compulsory abortions" as one of its measures. Professor Tribe further states that "China's compulsory scheme has been met with widespread domestic resistance" and that these compulsory policies "greatly undermine the well-being of the couples who bear a female child." (Laurence H. Tribe, "Abortion: The Clash of Absolute," New York: W.W. Norton & Company, 1990.)

Dr. John Aird, former Senior Research Specialist on China at the U.S. Census Bureau, stated at a symposium on April 6, 1993 that the "key element" in China's population control efforts is "coercion." Anthropologist Steven Mosher and other China experts have also reported in great detail on China's systematic use of coercion in its population control program.

Mark L. Edelman, the former Acting Administrator of the Agency for International Development, explained the nature of UNFPA's assistance to China in a June 19, 1991 letter:

UNFPA furnished assistance for computer hardware so China could determine whether authorized birth targets were satisfied; support toward making China self-sufficient in the training of demographers and in the conduct of scientific research on population and its relationship to economic and social planning; statistical equipment, expert technical advice, and training to streamline the collection and transmission of family planning service data at the national, provincial, and prefecture levels and to strengthen and develop the capacity of Chinese Family Planning Ministries to process and analyze service data; and the creation of training centers for 70,000 full-time family planning workers. This contribution to the training and effectiveness of individuals who planned, managed, and carried out the implementation of China's one-child policy which resulted in many forms of abuses, including coerced abortion and involuntary sterilization. UNFPA's support for China provided it the modern capability to establish the targets necessary to enforce the one-child policy and monitor its effectiveness. UNFPA continues to provide this kind and quality of assistance to China's population program.

Mr. Edelman also pointed out that the UNFPA has repeatedly provided cover for China's coercive practices:

Although the China population program is pervasively coercive, UNFPA continues to defend it vigorously. China's program was provided a United Nations award in 1983; UNFPA's former executive director criticized A.I.D. and defended China arguing that each country has its own view of what really is a free choice; and the current executive director of UNFPA has stated that China is operating a totally voluntary program.

After receiving a U.N. award for its population control efforts in 1983, China's senior population official (Qian Xinzong) claimed

that the award had put the “imprimatur of the world body” on China’s population control program. We submit that in light of the overwhelming evidence that systematic violations of fundamental human rights are continuing on a widespread basis, it would be a travesty if the U.S. Congress acted in a manner that appeared to put the “imprimatur” of the United States on China’s coercive and repulsive program.

The UNFPA’s Executive Director, Nafis Sadiq, has not only defended China’s program during numerous public appearances, she has cited it as a model program for other countries. During an exclusive interview with XINHUA—China’s official news agency—on April 11, 1991, Sadiq had high praise for China’s program:

China has every reason to feel proud and pleased with its remarkable achievements made in its family planning policy and control of its population growth over the past 10 years. Now the country could offer its experiences and special experts to help other countries.

Neither Dr. Sadiq nor any other UNFPA official has ever retracted this statement.

China’s coercive population program should be condemned by all those who value human rights. The UNFPA’s ongoing cover-up of China’s practices makes it an inappropriate partner for the United States in promoting methods of family planning around the world. Until the UNFPA completely disassociates itself from China’s population control program, the United States should withhold all funding from the UNFPA.

CHRIS SMITH.
ILEANA ROS-LEHTINEN.
HENRY HYDE.

ADDITIONAL VIEWS OF HON. TOM LANTOS

I am deeply concerned about the approach, tone, and content of the Majority's report language regarding section 1327, Availability Pay for Certain Criminal Investigators Within the Diplomatic Security Service. As the primary author of this provision, I understood it to extend Law Enforcement Availability Pay (LEAP) eligibility to most special agents of the Department of State's Diplomatic Security (DS) Service. The report language seems to assert that the Committee interprets section 1327 in a way that is contrary to my understanding and that I believe would make the provision unworkable and destructive to achieving the purposes for which I support extending LEAP coverage to DS special agents.

I am pleased that the majority recognizes the need for "parity" between law enforcement employees of the Department of State and of all other federal law enforcement agencies, but much of the report language is inconsistent with that statement. In submitting this provision, I sought to include any of its Diplomatic Security special investigators whose primary duties consist of protective functions or criminal investigations. The Secretary of State is firmly of the opinion that it is in the Department's interest to remove the current exemption to ensure that the DS special agents are treated the same as their law enforcement colleagues in other agencies, and as are criminal investigators in the Department of State's Office of the Inspector General. Under section 1327, the Department would in fact be more restricted than other federal law enforcement agencies, since DS agents who do not work LEAP hours would not receive LEAP benefits. There is no reason to place further restrictions on LEAP eligibility in an effort to micromanage a program that is already in place for other, comparable law enforcement officials.

I particularly take exception to excluding those who provide essential leadership and support elements of protective and investigative functions that require the experience and expertise of a special agent. Where such experience and expertise is not required, the Bureau of Diplomatic Security already makes maximum use of non-law enforcement personnel. In addition, the unpredictable nature of the Bureau's protective and investigative responsibilities mandates that the special agents in leadership and support positions repeatedly work unscheduled overtime, often being taken from their duty stations to meet protective or investigative demands.

To consider providing LEAP on an intermittent basis, as the majority report language suggests, does not take into consideration the frequency and unpredictability of the unscheduled overtime these agents are called upon to work. Also, to implement LEAP on an intermittent basis would be administratively unmanageable.

This is not what I had in mind when I advocated LEAP for the Diplomatic Security special agents, and it is not what I understood the provisions of Section 1327 to mean.

TOM LANTOS.

ADDITIONAL VIEWS OF HON. BRAD SHERMAN

The United States has provided Azerbaijan with \$100 million in humanitarian assistance since the US started its program of support for the states of the former Soviet Union. But this country, which claims the region as part of its sovereign territory, has not allowed a single dollar of this aid to be delivered to Nagorno Karabagh due to fears that this would represent tacit recognition by the United States of Nagorno Karabagh's independence.

The State Department has declined to provide assistance directly to groups working in Nagorno Karabagh, except for a very limited amount of work done by the International Committee of the Red Cross. I believe that the US should provide assistance through Non-Governmental Organizations (NGOs) and Private Voluntary Organizations (PVOs).

At the full committee markup of this bill, I offered an amendment which would have authorized aid to Nagorno Karabagh through NGOs and PVOs. This amendment, which was supported by 14 members of the committee, was designed to provide help to needy people in Karabagh while allaying the concerns that this would provide tacit recognition of Nagorno Karabagh as an independent entity. It contained language clearly stating that the provision of aid in this manner should not be construed to affect the position of the US government with respect to the status of Nagorno Karabagh.

The assistance of NGOs and PVOs aided by US funds is needed to alleviate a serious health condition in the enclave. A recent report by the US Committee of the Red Cross outlines in detail the health needs of this region.

Most disturbing is the increase in childhood illness and mortality as a result of a lack of medical facilities, personnel, basic medicines and vaccines, as well as a war-torn infrastructure. Many of the groups which had been working there have had to withdraw due to lack of funding.

Regrettably, a substitute for my amendment was approved by the Committee. Offered by Mr. Burton, the substitute contains sense of Congress language calling on the governments of the region to cooperate in the delivery of assistance to all people in the region, including those in Nagorno Karabagh, and it requests a State Department report on the current situation. Unfortunately, Mr. Burton's language fails to provide for an authorization of aid to Nagorno Karabagh and also implies that the region is part of Azerbaijan. We should not judge the final status of Nagorno Karabagh, which is still subject to negotiations, in the context of

trying to find the most effective means of providing humanitarian assistance to needy people.

BRAD SHERMAN.

